

TOWN OF FARMINGTON, CONNECTICUT



COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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Department of Finance

Joseph Swetcky, Jr.
Director of Finance

**TOWN OF FARMINGTON, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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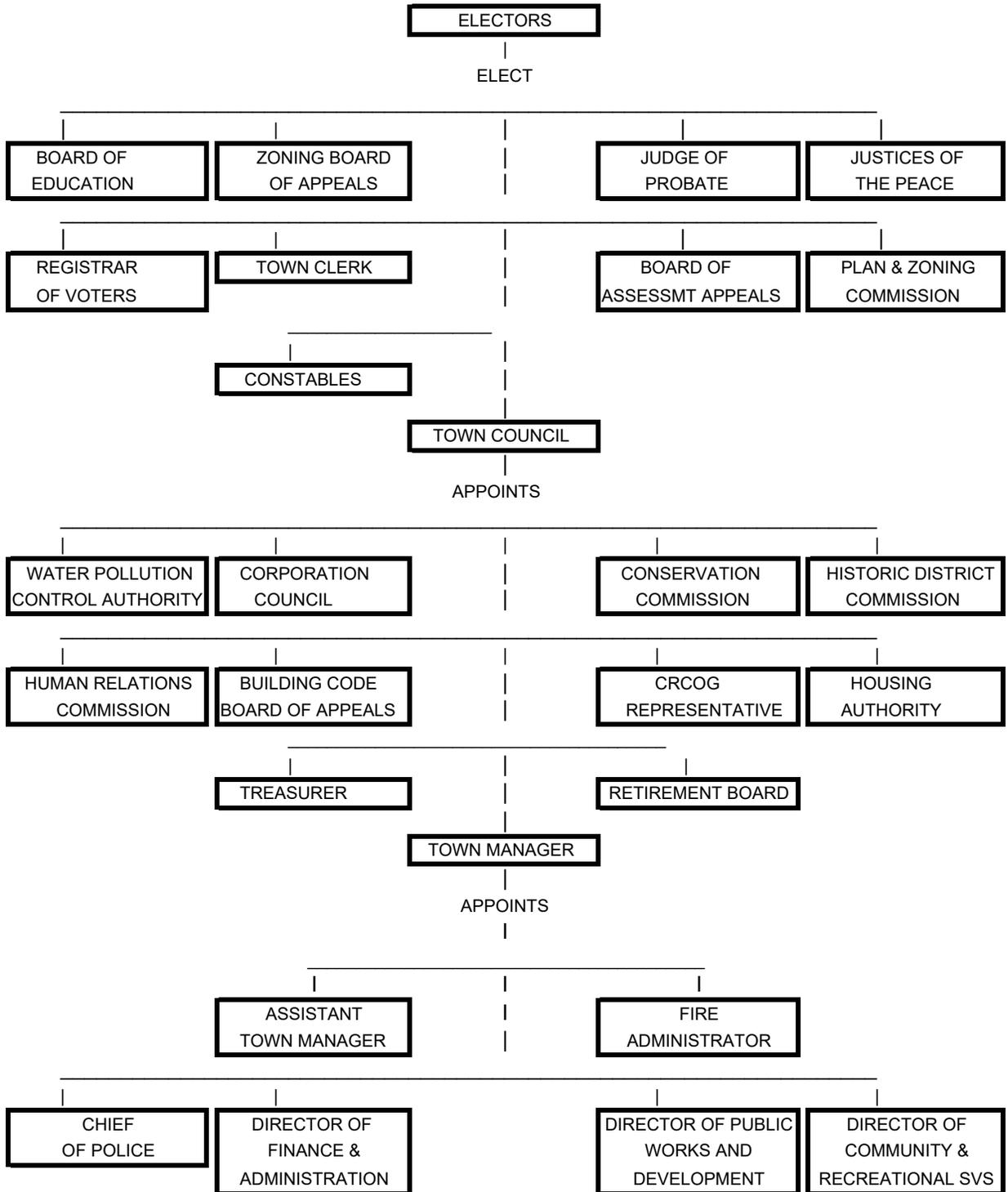
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INTRODUCTORY SECTION

TOWN OF FARMINGTON ORGANIZATION CHART



TOWN OF FARMINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

TOWN COUNCIL

Nancy W. Nickerson, Chairperson
John Landry
Peter Mastrobattista
Gary Palumbo
Amy Suffredini
Meredith Trimble
John W. Vibert

BOARD OF EDUCATION

Christopher Fagan, Chairperson
Christine Arnold, Vice Chair
William Baker
William Beckert
Mark Blore
Elizabeth Fitzsimmons
Mecheal Hamilton
Paula O'Brien
Ellen Siuta

APPOINTED OFFICIALS

Kathleen A. Eagen, Town Manager
Kathleen C. Greider, Superintendent of Schools
Halloran & Sage, LLP, Town Attorney
Joseph Swetcky, Jr., Director of Finance/Treasurer
Vincent LaFontan, School Business Administrator



December 23, 2017

To Members of the Town Council and the Citizens of the Town of Farmington:

Connecticut State Statutes require that all municipal entities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the Town of Farmington, Connecticut, for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To have a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Farmington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Farmington financial statements have been audited by the firm of Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Farmington for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Farmington's financial statements for the year ended June 30, 2017 are fairly presented in conformance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Town is required to undergo annual single audits in conformity with the provisions of Connecticut State Statutes, the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Information related to these single audits, such as the schedules of state and federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in separately issued single audit reports.



GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Government Profile

The Town of Farmington was incorporated in 1645 from what was known as Tunxis Plantation, one of the largest single land grants in the Colonies. Known as the "Mother Town," Farmington subsequently was partitioned into the towns of Avon, Bristol, Plainville, New Britain, Berlin, Southington and Burlington. Today Farmington comprises 28.7 square miles along the Farmington River, lying ten miles west of Hartford and equidistant from the cities of Bristol and New Britain. The Town is bordered on the north by Avon, on the east by West Hartford, New Britain and Newington, on the south by Plainville, and on the west by Bristol and Burlington.

Farmington operates under the Council-Manager form of government. The Town Charter, which is the primary organizational document, was first adopted in 1947 and last revised in May of 2003. The seven-member Town Council is elected biennially for a term of two years and serves without compensation. Minority party representation of at least two council members is guaranteed. A Town Manager is appointed by the Council and serves as a full-time chief executive.

The Town provides a full range of services to its residents. These services include police and fire protection; a K-12 public education system; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. The Farmington Housing Authority, The Farmington Village Green & Library Association and The Farmington Woods Tax District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

The annual budget is adopted through a town meeting/referendum process. Not later than 45 days before the Annual Town Meeting the Town Manager presents budget estimates to the Town Council. Not later than 14 days before the Annual Town Meeting the Town Council holds a public hearing on its proposed budget and then prepares its recommended budget. The recommended budget is then presented to the Annual Town Meeting. On the tenth day after the Annual Town Meeting, a referendum is held on the recommended budget as amended (if any) at the Annual Town Meeting. The budget becomes effective unless it is rejected by a majority of those voting at the referendum and if at least 15% of the registered voters have participated in the referendum. The annual budget is prepared in the format of fund, function and department. By Town Charter, the Town Manager may make transfers within a department but the Town Council must approve all transfers between departments.

Local Economy

Farmington lies at the hub of major Interstate 84 interchanges, giving it a strong location advantage as a site for businesses in central Connecticut. The Town is the site of numerous financial and insurance institutions as well as a major regional shopping center. In addition to its attractiveness to businesses, the Town is also home to the University of Connecticut Health Center and John Dempsey Hospital.

The Health Center is the Town's largest employer with over 5,000 employees. The Center is composed of the School of Medicine, the School of Dental Medicine, John Dempsey Hospital, the UConn Medical Group, UConn Health Partners and University Dentists. The Health Center offers degree programs in medicine, dental medicine and bio-medical science. It also offers master's degree programs in public health and dental science, postdoctoral fellowships and residency programs.

The unemployment rate for the Town during June 2017 was 4.1%. This was below the 5.1% average for the State of Connecticut and a decrease of .3% from a year ago. The unemployment rate is expected to decline both in Farmington and the State of Connecticut, as the state recovers from the last recession. The Town continues to see improvement in its economy as construction initiatives continue to be undertaken throughout town. These projects have resulted in modest growth in the grand list.

Long-Term Financial Planning

The Town has made a commitment to maintain and improve its land, buildings and equipment by adopting a five-year capital improvement plan that uses funding from annual appropriations, grants and debt issuance for road improvements, open space acquisition, fire fighting apparatus replacement and waste water infrastructure improvements. The Plan requires the Town to commit 2.5% of the operating budget to capital projects.

Major Initiatives

The Town undertook several major initiatives during the year. These included:

Adopted a budget totaling \$102.7 million and set a tax rate of 26.68 mills for the Fiscal Year beginning July 1, 2017;

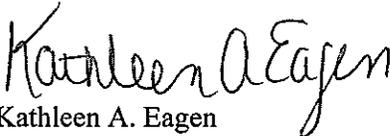
Issued \$5,500,000 in new general obligation bonds;

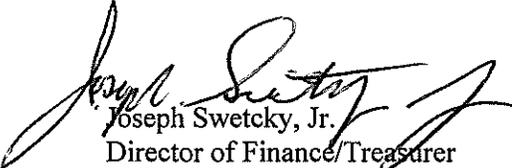
Issued \$42,000,000 in bond anticipation notes to temporarily finance the cost of upgrading the wastewater treatment plant;

Entered into a \$48.1 million Clean Water Fund loan and grant agreement with the State of Connecticut in order to permanently finance the cost of the upgrade of the waste water treatment plant and to receive approximately \$14.6 million in grant funding;

Entered into an agreement with the State of Connecticut to make additional sight enhancements to the Route 4 corridor through Farmington Village Center as part of the State's improvements to Route 4;

Respectfully submitted,


Kathleen A. Eagen
Town Manager


Joseph Swetcky, Jr.
Director of Finance/Treasurer

FINANCIAL SECTION

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Members of the Town Council
Town of Farmington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 54 through 57 and the pension schedules on pages 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Farmington, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 on our consideration of the Town of Farmington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Farmington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2017

Town of Farmington, Connecticut
Management's Discussion and Analysis
June 30, 2017

As management of the Town of Farmington, Connecticut, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Farmington for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

The assets of the Town of Farmington exceeded its liabilities at the close of the most recent fiscal year by \$100,424,570. Of this amount, \$126,848,723 represented net investment in capital assets.

The Town of Farmington's total net position increased by \$14,280,452. Net position for the governmental activities increased \$14,129,020, while net position for business-type activities increased by \$151,432.

At the close of the current fiscal year, the Town of Farmington's governmental funds reported combined ending fund balances of \$534,525, a decrease of \$13,559,456 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,047,641, or 11.18% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Farmington's basic financial statements. The Town of Farmington's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Farmington's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Farmington's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position could serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town of Farmington's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Farmington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, education, public safety, public works and recreation. The business-type activities of the Town of Farmington include the Westwoods Golf Course and waste collection and disposal.

The government-wide financial statements can be found on Exhibits I and II of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Farmington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Farmington maintains 20 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the Capital Projects Fund, because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits III and IV of this report.

Proprietary Funds. The Town of Farmington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Farmington uses enterprise funds to account for the Westwoods Golf Course and for waste collection and disposal. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town of Farmington's various functions. The Town uses an internal service fund to account for employee health insurance. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Westwoods Golf Course, Waste Collection Fund and employee health insurance are the only activities in the proprietary fund financial statements; therefore, they are considered major funds and information for them is shown separately.

The basic proprietary fund statements can be found in Exhibits V through VII of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Farmington's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits VIII and IX of this report.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-53 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Farmington's progress in funding its obligation to provide pension benefits to its employees.

The Town of Farmington adopts an annual budget for its General Fund and Water Pollution Control Authority Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 54-61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the information on Major Governmental Funds. Combining fund statements and schedules can be found on pages 75-85.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$99,008,534 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Farmington's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Farmington's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**NET POSITION
June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 61,545,256	\$ 61,872,044	\$ 1,224,599	\$ 825,035	\$ 62,769,855	\$ 62,697,079
Capital assets	176,351,626	143,508,801	1,528,163	1,619,346	177,879,789	145,128,147
Total assets	<u>237,896,882</u>	<u>205,380,845</u>	<u>2,752,762</u>	<u>2,444,381</u>	<u>240,649,644</u>	<u>207,825,226</u>
Deferred outflows of resources	5,542,560	11,374,706			5,542,560	11,374,706
Current liabilities	52,483,789	43,589,430	921,506	996,640	53,405,295	44,586,070
Noncurrent liabilities	86,623,460	87,557,847	98,785	114,740	86,722,245	87,672,587
Total liabilities	<u>139,107,249</u>	<u>131,147,277</u>	<u>1,020,291</u>	<u>1,111,380</u>	<u>140,127,540</u>	<u>132,258,657</u>
Deferred inflows of resources	5,323,659	728,760	316,435	68,397	5,640,094	797,157
Net investment in capital assets	125,419,345	100,438,073	1,429,378	1,504,606	126,848,723	101,942,679
Unrestricted	<u>(26,410,811)</u>	<u>(15,558,559)</u>	<u>(13,342)</u>	<u>(240,002)</u>	<u>(26,424,153)</u>	<u>(15,798,561)</u>
Total Net Position	<u>\$ 99,008,534</u>	<u>\$ 84,879,514</u>	<u>\$ 1,416,036</u>	<u>\$ 1,264,604</u>	<u>\$ 100,424,570</u>	<u>\$ 86,144,118</u>

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

During the fiscal year, the government's total net position increased by \$14,280,452.

CHANGES IN NET POSITION
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 12,580,385	\$ 12,082,856	\$ 2,235,367	\$ 2,265,758	\$ 14,815,752	\$ 14,348,614
Operating grants and contributions	18,360,778	14,194,691			18,360,778	14,194,691
Capital grants and contributions	13,679,009	3,943,121		67,257	13,679,009	4,010,378
General revenues:						
Property taxes	92,630,759	89,079,774			92,630,759	89,079,774
Grants and contributions not restricted to specific programs	4,320,293	4,003,821			4,320,293	4,003,821
Investment income	461,499	139,833	1,967	29,845	463,466	169,678
Miscellaneous	1,075,294	157,807	8,515	19,104	1,083,809	176,911
Total revenues	<u>143,108,017</u>	<u>123,601,903</u>	<u>2,245,849</u>	<u>2,381,964</u>	<u>145,353,866</u>	<u>125,983,867</u>
Expenses:						
Education	84,917,315	78,152,327			84,917,315	78,152,327
Public safety	15,437,878	15,555,472			15,437,878	15,555,472
Public works	8,304,989	9,123,730			8,304,989	9,123,730
Culture and recreation	2,011,630	2,217,159			2,011,630	2,217,159
General administration	11,103,166	10,542,768			11,103,166	10,542,768
Plant operations	5,277,331	5,733,834			5,277,331	5,733,834
Debt service	2,243,688	1,129,993			2,243,688	1,129,993
Waste Collection			1,517,430	1,516,563	1,517,430	1,516,563
Golf Course			273,387	639,196	273,387	639,196
Total expenses	<u>129,295,997</u>	<u>122,455,283</u>	<u>1,790,817</u>	<u>2,155,759</u>	<u>131,086,814</u>	<u>124,611,042</u>
Capital Contributions and transfers						
Capital Contributions			13,400		13,400	
Transfers in (out)	<u>317,000</u>		<u>(317,000)</u>		<u>-</u>	
Change in net position	14,129,020	1,146,620	151,432	226,205	14,280,452	1,372,825
Net Position - July 1	<u>84,879,514</u>	<u>83,732,894</u>	<u>1,264,604</u>	<u>1,038,399</u>	<u>86,144,118</u>	<u>84,771,293</u>
Net Position - June 30	<u>\$ 99,008,534</u>	<u>\$ 84,879,514</u>	<u>\$ 1,416,036</u>	<u>\$ 1,264,604</u>	<u>\$ 100,424,570</u>	<u>\$ 86,144,118</u>

Governmental Activities

Governmental activities increased the Town of Farmington's net position by \$14,129,020 thereby accounting for the majority of the increase in the net position of the Town. Key elements of the change in net position are:

64.7% of all revenues were derived from property taxes, followed by 12.8% from operating grants and contributions.

Charges for Services revenue increased by 4.1% due to sewer use charge increases.

Grants from all sources and for all purposes made up 25.4% of all revenue. This was an increase of 64.2% from the previous year.

Investment income increased by 230% due to increases in interest rates and the availability of more idle funds to invest.

In total, expenses increased 5.6% over the prior year. Expense categories experiencing the largest increases were: Debt Service +98.6%; Education +8.7%; General Administration +5.3%.

Financial Analysis of the Fund Financial Statements

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town of Farmington's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Farmington's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund's total fund balance was \$12,643,010. Of this amount, \$595,369 was assigned for Board of Education encumbrances, and the remaining balance of \$12,047,641 was unassigned.

The Town of Farmington's General Fund fund balance increased by \$1,367,989 at the end of the fiscal year. The assigned fund balance increased by \$224,986, and the unassigned fund balance increased by \$1,143,003.

The Capital Projects Fund had a fund balance of (\$17,797,813) at the end of the fiscal year, a decrease of \$17,222,876. The decrease was the result of expenditures exceeding revenues and transfers in. The deficit in fund balance will be made up through the issuance of debt obligations and capital grants.

Proprietary Funds

The Town of Farmington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town has three proprietary funds, the Westwoods Golf Course, the Waste Collection Fund and an internal service fund used for employee health insurance.

Total Net Position of the Westwoods Golf Course at June 30, 2017 was \$409,455, a decrease of \$24,536. The Unrestricted net position of the Westwoods Golf Course Fund at the end of the year amounted to (\$919,923), an increase of \$692. This is only the second year out of the last thirteen that the operations at the golf course resulted in an increase in Unrestricted net position.

The Waste Collection Fund was established in order to separately account for the costs of collecting and disposing of solid and bulky waste and recyclables and for the operation of the town landfill. At fiscal year end Unrestricted Net position equaled \$906,581, an increase of \$225,968. This was primarily a result of charges for services and other revenue exceeding operating expenses.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2017, actual revenues and operating transfers in totaled \$113,276,339 while actual expenditures and operating transfers out totaled \$111,908,350. The excess of revenues and operating transfers in over expenditures and operating transfers out resulted in an increase of \$1,367,989 to budgetary fund equity. A detailed schedule of revenues and expenditures, budget and actual, can be found on pages 54-57 of this report.

Capital Asset and Debt Administration

Capital Assets

The Town of Farmington's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2017 amounted to \$176,351,626 and \$1,528,163 respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

CAPITAL ASSETS (Net of Depreciation) June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 34,750,811	\$ 33,580,940	\$ 1,185,750	\$ 1,185,750	\$ 35,936,561	\$ 34,766,690
Improvements	6,151,829	6,270,653			6,151,829	6,270,653
Buildings	53,526,271	54,207,822			53,526,271	54,207,822
Machinery and equipment	6,316,330	4,804,320	342,413	433,596	6,658,743	5,237,916
Infrastructure	35,750,297	33,608,826			35,750,297	33,608,826
Construction in progress	39,856,088	11,036,240			39,856,088	11,036,240
Total	<u>\$ 176,351,626</u>	<u>\$ 143,508,801</u>	<u>\$ 1,528,163</u>	<u>\$ 1,619,346</u>	<u>\$ 177,879,789</u>	<u>\$ 145,128,147</u>

Additional information on the Town of Farmington's capital asset activity can be found in Note 3C.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$36,700,000. All of the debt is backed by the full faith and credit of the Town.

OUTSTANDING DEBT June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	<u>\$ 36,700,000</u>	<u>\$ 35,825,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,700,000</u>	<u>\$ 35,825,000</u>

The Town of Farmington's total debt had a net increase of \$875,000 during the fiscal year. The Town undertook one long term debt issuance during the year. In September 2016 the Town issued \$5,500,000 of 15 year general obligation bonds with a true interest cost of 1.8718%.

The Town of Farmington's credit rating for all of its general obligation debt is AAA by Moody's Investor Services. This rating was reaffirmed by Moody's Investor Services in May 2017.

In April 2017 the Town issued \$42,000,000 in bond anticipation notes. The notes which mature in May 2018 were sold at a 3% interest rate with a premium of \$837,480 resulting in a net interest cost of 1.000446%. The notes were assigned a rating of MIG 1 from Moody's Investor Service. The notes were used to pay off \$35,000,000 in notes which matured in May 2017.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$648,866,428 which is significantly more than the Town of Farmington's outstanding general obligation debt.

Additional information on the Town of Farmington's long-term debt can be found in Note 3E.

Economic Factors and Next Year's Budgets and Rates

The Town of Farmington's unemployment rate was 4.1% as of June 2017, a slight decrease of .3% from June 2016. The June 2017 rate remains significantly lower than the Hartford Labor Market Area rate of 5.2% and the State of Connecticut rate of 5.1%.

As of June 30, 2017, the unassigned fund balance in the General Fund was \$12,047,641 which was 11.18% of General Fund expenditures. The Town did not appropriate any of the fund balance for the fiscal year 2017-2018 budget.

In preparing the budget for FY2017/2018 the Town was faced with the uncertainty that aid from the State of Connecticut could be significantly reduced as a result of the financial difficulties the State was experiencing. As a result of the uncertainty the Town chose to significantly reduce anticipated state grant revenue for FY2017/2018.

The Town Council adopted a budget for FY2017/2018 that was 2.1% higher than the previous year's budget. This budget required a tax rate of 26.68 mills, which is .90 mills more than the prior year. The budget was approved by the voters at referendum on the first attempt.

Requests for Information

This financial report is designed to provide a general overview for all those with an interest in the Town of Farmington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Farmington, One Monteith Drive, Farmington, CT 06032.

**BASIC
FINANCIAL
STATEMENTS**

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 50,041,556	\$ 1,210,661	\$ 51,252,217
Investments	1,219,888		1,219,888
Receivables, net of allowance:			
Property taxes	431,188		431,188
Other	1,120,420	13,938	1,134,358
Assessments	5,333		5,333
Due from other governments	7,964,619		7,964,619
Inventory	17,916		17,916
Prepays	6,257		6,257
Internal balances	738,079	(738,079)	-
Noncurrent assets:			
Capital assets, nondepreciable	74,606,899	1,185,750	75,792,649
Capital assets, net of accumulated depreciation	101,744,727	342,413	102,087,140
Total assets	<u>237,896,882</u>	<u>2,014,683</u>	<u>239,911,565</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,456,693		1,456,693
Changes related to pension	4,085,867		4,085,867
Total deferred outflows of resources	<u>5,542,560</u>		<u>5,542,560</u>
Liabilities:			
Accounts payable and accrued liabilities	7,059,034	183,427	7,242,461
Bond anticipation note payable	42,000,000		42,000,000
Accrued interest	353,499		353,499
Unearned revenue	3,071,256		3,071,256
Noncurrent liabilities:			
Due within one year	5,629,463	16,554	5,646,017
Due in more than one year	80,993,997	82,231	81,076,228
Total liabilities	<u>139,107,249</u>	<u>282,212</u>	<u>139,389,461</u>
Deferred Inflows of Resources:			
Advance tax collections	4,484,063		4,484,063
Advance fee collections		316,435	316,435
Changes related to pension	839,596		839,596
Total deferred inflows of resources	<u>5,323,659</u>	<u>316,435</u>	<u>5,640,094</u>
Net Position:			
Net investment in capital assets	125,419,345	1,429,378	126,848,723
Unrestricted	<u>(26,410,811)</u>	<u>(13,342)</u>	<u>(26,424,153)</u>
Total Net Position	<u>\$ 99,008,534</u>	<u>\$ 1,416,036</u>	<u>\$ 100,424,570</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Education	\$ 84,917,315	\$ 3,795,110	\$ 17,564,567	\$ 279,275	\$ (63,278,363)	\$	\$ (63,278,363)
Public safety	15,437,878	1,719,203	195,412		(13,523,263)		(13,523,263)
Public works	8,304,989	5,030,654	373,438	12,524,572	9,623,675		9,623,675
Culture and recreation	2,011,630	691,111			(1,320,519)		(1,320,519)
General administration	11,103,166	1,344,307	227,361	72,876	(9,458,622)		(9,458,622)
Plant operations	5,277,331				(5,277,331)		(5,277,331)
Interest expense	2,243,688			802,286	(1,441,402)		(1,441,402)
Total governmental activities	<u>129,295,997</u>	<u>12,580,385</u>	<u>18,360,778</u>	<u>13,679,009</u>	<u>(84,675,825)</u>	<u>-</u>	<u>(84,675,825)</u>
Business-type activities:							
Westwoods Fund	273,387	545,546		13,400		285,559	285,559
Waste Collection Fund	1,517,430	1,689,821				172,391	172,391
Total business type activities	<u>1,790,817</u>	<u>2,235,367</u>	<u>-</u>	<u>13,400</u>	<u>-</u>	<u>457,950</u>	<u>457,950</u>
Total	<u>\$ 131,086,814</u>	<u>\$ 14,815,752</u>	<u>\$ 18,360,778</u>	<u>\$ 13,692,409</u>	<u>(84,675,825)</u>	<u>457,950</u>	<u>(84,217,875)</u>
General revenues:							
Property taxes					92,630,759		92,630,759
Grants and contributions not restricted to specific programs					4,320,293		4,320,293
Unrestricted investment earnings					461,499	1,967	463,466
Miscellaneous					1,075,294	8,515	1,083,809
Transfers					317,000	(317,000)	-
Total general revenues and transfers					<u>98,804,845</u>	<u>(306,518)</u>	<u>98,498,327</u>
Change in net position					14,129,020	151,432	14,280,452
Net Position at Beginning of Year					84,879,514	1,264,604	86,144,118
Net Position at End of Year					<u>\$ 99,008,534</u>	<u>\$ 1,416,036</u>	<u>\$ 100,424,570</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 22,612,392	\$ 20,281,882	\$ 2,388,865	\$ 45,283,139
Investments			1,219,888	1,219,888
Receivables:				
Property taxes receivable, net	431,188			431,188
Due from other governments	6,828	7,885,768	72,023	7,964,619
Sewer assessments	2,699		2,634	5,333
Other receivables	548,467		548,460	1,096,927
Due from other funds	1,571,086	1,196,657	4,149,275	6,917,018
Inventories			17,916	17,916
Prepaid items			6,257	6,257
Total Assets	<u>\$ 25,172,660</u>	<u>\$ 29,364,307</u>	<u>\$ 8,405,318</u>	<u>\$ 62,942,285</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,782,149	\$ 4,025,676	\$ 206,770	\$ 6,014,595
Bond anticipation note payable		42,000,000		42,000,000
Due to other funds	5,595,797		583,142	6,178,939
Unearned revenue	286,956	1,136,444	1,647,856	3,071,256
Total liabilities	<u>7,664,902</u>	<u>47,162,120</u>	<u>2,437,768</u>	<u>57,264,790</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	377,986			377,986
Unavailable revenue - sewer use			11,488	11,488
Unavailable revenue - sewer assessment	2,699		13,072	15,771
Unavailable revenue - loans receivable			253,662	253,662
Advance property tax collections	4,484,063			4,484,063
Total deferred inflows of resources	<u>4,864,748</u>	<u>-</u>	<u>278,222</u>	<u>5,142,970</u>
Fund balances:				
Nonspendable			24,173	24,173
Restricted			1,821,468	1,821,468
Committed			4,053,841	4,053,841
Assigned	595,369			595,369
Unassigned	12,047,641	(17,797,813)	(210,154)	(5,960,326)
Total fund balances	<u>12,643,010</u>	<u>(17,797,813)</u>	<u>5,689,328</u>	<u>534,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,172,660</u>	<u>\$ 29,364,307</u>	<u>\$ 8,405,318</u>	<u>\$ 62,942,285</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 534,525
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 314,836,574	
Less accumulated depreciation	<u>(138,484,948)</u>	
Net capital assets		176,351,626

Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Property taxes receivable greater than 60 days	377,986
Sewer usage fees	11,488
Loans receivable	253,662
Interest receivable on property taxes	23,493
Assessments receivable	15,771
Deferred outflows related to pensions	4,085,867

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	3,713,972
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(36,700,000)
Deferred charges on refunding	1,456,693
Premium on bond refunding	(2,115,627)
Interest payable on bonds	(353,493)
Other postemployment benefit obligation	(12,897,893)
Capital lease payable	(3,383,912)
Net pension liability	(29,437,153)
Compensated absences	(2,088,875)
Deferred inflows related to changes in pension actuarial experience	<u>(839,596)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 99,008,534</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 92,566,548	\$	\$	\$ 92,566,548
Intergovernmental revenues	18,087,152	12,321,150	3,047,385	33,455,687
Charges for current services	1,334,092		9,416,781	10,750,873
Sewer assessments			64,444	64,444
Licenses and permits	649,632		16,373	666,005
Fines and penalties	45,265			45,265
Net investment income	161,549	112,991	164,198	438,738
Other local revenues	115,101	1,027,844	2,528,057	3,671,002
Total revenues	<u>112,959,339</u>	<u>13,461,985</u>	<u>15,237,238</u>	<u>141,658,562</u>
Expenditures:				
Current:				
Education	74,459,202		7,818,683	82,277,885
Public safety	9,629,229			9,629,229
Public works	4,655,983			4,655,983
Culture and recreation	793,375		639,369	1,432,744
Plant operations			3,072,276	3,072,276
General government	5,825,841			5,825,841
Pension and other employee benefits	6,604,788			6,604,788
Other			1,062,345	1,062,345
Debt service	5,791,341	106,304	1,244,455	7,142,100
Capital outlay		40,397,058		40,397,058
Total expenditures	<u>107,759,759</u>	<u>40,503,362</u>	<u>13,837,128</u>	<u>162,100,249</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,199,580</u>	<u>(27,041,377)</u>	<u>1,400,110</u>	<u>(20,441,687)</u>
Other Financing Sources (Uses):				
Issuance of general obligation bonds		5,500,000		5,500,000
Premium on general obligation bonds			1,065,231	1,065,231
Transfers in from other funds	317,000	4,318,591	830,000	5,465,591
Transfers out to other funds	(4,148,591)		(1,000,000)	(5,148,591)
Total other financing sources (uses)	<u>(3,831,591)</u>	<u>9,818,591</u>	<u>895,231</u>	<u>6,882,231</u>
Net Change in Fund Balances	1,367,989	(17,222,786)	2,295,341	(13,559,456)
Fund Balances at Beginning of Year	<u>11,275,021</u>	<u>(575,027)</u>	<u>3,393,987</u>	<u>14,093,981</u>
Fund Balances at End of Year	<u>\$ 12,643,010</u>	<u>\$ (17,797,813)</u>	<u>\$ 5,689,328</u>	<u>\$ 534,525</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (13,559,456)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	38,638,874
Depreciation expense	(5,746,373)

The statement of activities reports losses arising from the disposals of existing capital assets. Conversely, governmental funds do not report any gain or loss on capital assets.	(49,676)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	58,396
Sewer usage revenue	(13,004)
Payments on loans receivable	(19,936)
Accrued interest on property taxes	5,815
Assessment revenue	5,064

Change in deferred inflows related to actuarial experience	(181,219)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(5,500,000)
Premium on bonds issued	(262,945)
Principal payments on bonds, notes and leases	4,842,679

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in long-term compensated absences	261,442
Change in accrued interest	(2,979)
Change in net pension liability	3,657,961
Change in net other post employment benefit obligation	(2,393,135)
Amortization of deferred charges on refunding	(269,672)
Amortization of bond premiums	328,385
Changes in deferred outflows related to pension	(5,562,474)

The net income of the internal service funds is reported with governmental activities.	<u>(108,727)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 14,129,020</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 167,935	\$ 1,042,726	\$ 1,210,661	\$ 4,758,417
Accounts receivable		13,938	13,938	
Due from other funds		249,865	249,865	
Total current assets	167,935	1,306,529	1,474,464	4,758,417
Noncurrent assets:				
Capital assets, nondepreciable	1,185,750		1,185,750	
Capital assets, net of accumulated depreciation	242,413	100,000	342,413	
Total assets	1,596,098	1,406,529	3,002,627	4,758,417
Liabilities:				
Current liabilities:				
Accounts payable	33,978	149,449	183,427	19,299
Claims payable				1,025,146
Capital lease	16,554		16,554	
Due to other funds	987,944		987,944	
Total current liabilities	1,038,476	149,449	1,187,925	1,044,445
Noncurrent liabilities:				
Capital lease, net of current portion	82,231		82,231	
Total liabilities	1,120,707	149,449	1,270,156	1,044,445
Deferred Inflows of Resources:				
Advance fee collections	65,936	250,499	316,435	
Net Position:				
Net investment in capital assets	1,329,378	100,000	1,429,378	
Unrestricted	(919,923)	906,581	(13,342)	3,713,972
Total Net Position	\$ 409,455	\$ 1,006,581	\$ 1,416,036	\$ 3,713,972

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 545,546	\$ 1,689,821	\$ 2,235,367	\$
Other	6,698	1,817	8,515	25,733
Contributions			-	12,324,029
Total operating revenues	<u>552,244</u>	<u>1,691,638</u>	<u>2,243,882</u>	<u>12,349,762</u>
Operating Expenses:				
Claims				12,481,250
Operations	218,804	1,467,430	1,686,234	
Depreciation expense	46,156	50,000	96,156	
Total operating expenses	<u>264,960</u>	<u>1,517,430</u>	<u>1,782,390</u>	<u>12,481,250</u>
Operating Income (Loss)	287,284	174,208	461,492	(131,488)
Nonoperating Revenues:				
Interest	207	1,760	1,967	22,761
Gain (loss) on sale of fixed assets	<u>(8,427)</u>		<u>(8,427)</u>	
Total nonoperating revenues	<u>(8,220)</u>	<u>1,760</u>	<u>(6,460)</u>	<u>22,761</u>
Income (Loss) Before Capital Contributions and Transfers	279,064	175,968	455,032	(108,727)
Capital Contributions	13,400		13,400	
Transfers Out	<u>(317,000)</u>		<u>(317,000)</u>	
Total Capital Contributions and Transfers	<u>(303,600)</u>		<u>(303,600)</u>	
Change in Net Position	(24,536)	175,968	151,432	(108,727)
Net Position at Beginning of Year	<u>433,991</u>	<u>830,613</u>	<u>1,264,604</u>	<u>3,822,699</u>
Net Position at End of Year	<u>\$ 409,455</u>	<u>\$ 1,006,581</u>	<u>\$ 1,416,036</u>	<u>\$ 3,713,972</u>

The accompanying notes are an integral part of the financial statements

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 552,244	\$ 1,718,243	\$ 2,270,487	\$ 12,349,762
Payments to suppliers	(214,541)	(1,460,952)	(1,675,493)	(12,356,971)
Payments for interfund services	128,172		128,172	
Net cash provided by (used in) operating activities	<u>465,875</u>	<u>257,291</u>	<u>723,166</u>	<u>(7,209)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers out to other funds	(317,000)			
Net cash provided by (used in) noncapital financing activities	<u>(317,000)</u>			<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Payment on capital lease	(15,955)		(15,955)	
Net cash provided by (used in) capital and related financing activities	<u>(15,955)</u>	<u>-</u>	<u>(15,955)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	207	1,760	1,967	22,761
Net Increase (Decrease) in Cash and Cash Equivalents	133,127	259,051	709,178	15,552
Cash and Cash Equivalents at Beginning of Year	<u>34,808</u>	<u>783,675</u>	<u>818,483</u>	<u>4,742,865</u>
Cash and Cash Equivalents at End of Year	<u>\$ 167,935</u>	<u>\$ 1,042,726</u>	<u>\$ 1,210,661</u>	<u>\$ 4,758,417</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Operating income (loss)	\$ 287,284	\$ 174,208	\$ 461,492	\$ (131,488)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	46,156	50,000	96,156	
Loss on disposal of equipment				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable		(7,386)	(7,386)	
(Increase) decrease in loans from other funds		(214,046)	(214,046)	
Increase (decrease) in loans to other funds	128,172		128,172	
Increase (decrease) in deferred inflows		248,037	248,037	
Increase (decrease) in accounts payable	4,263	6,478	10,741	7,720
Increase (decrease) in claims payable				116,559
Total adjustments	<u>178,591</u>	<u>83,083</u>	<u>261,674</u>	<u>124,279</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 465,875</u>	<u>\$ 257,291</u>	<u>\$ 723,166</u>	<u>\$ (7,209)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ <u>620,561</u>	\$ <u>1,461,273</u>
Investments:		
Fixed income	28,042,653	290,579
Domestic equities	33,895,012	
International equities	17,728,790	
Real estate investment trust	<u>5,411,301</u>	
Total investments	<u>85,077,756</u>	<u>290,579</u>
Accounts receivable	<u>109,950</u>	
Total assets	<u>85,808,267</u>	<u>\$ 1,751,852</u>
Liabilities:		
Fiduciary deposits		\$ 1,751,852
Accounts payable	<u>16,022</u>	
Total liabilities	<u>16,022</u>	<u>\$ 1,751,852</u>
Net Position Restricted for Pensions	<u>\$ 85,792,245</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
PENSION TRUST FUND
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

Additions:

Contributions:

Employer	\$ 3,118,029
Plan members	1,525,212
Total contributions	<u>4,643,241</u>

Investment income:

Net change in fair value of investments	7,570,405
Interest	3,649
Dividends	1,664,393
Total investment income	<u>9,238,447</u>
Less investment expense	55,151
Net investment income	<u>9,183,296</u>

Total additions	<u>13,826,537</u>
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Deductions:

Benefits	6,251,836
Administrative expense	59,440
Total deductions	<u>6,311,276</u>

Change in Net Position	7,515,261
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Net Position at Beginning of Year	<u>78,276,984</u>
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Net Position at End of Year	<u>\$ 85,792,245</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Farmington, Connecticut (the Town) was settled in 1640 and incorporated in 1645. Its current charter was adopted in 1947 and was amended in 2003. The Town operates under a Council-Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

The Farmington Housing Authority (the Authority) has been determined to be a related organization of the Town, as the governing body of the Authority is appointed by the Town. The Authority is not included in this report, as the Town is not obligated to finance any deficit that the Authority may incur, nor does the Town significantly subsidize the Authority; the Town obtains no financial benefit, nor can it impose its will upon the Authority.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirement of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the capital projects fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low-interest state loans.

The Town reports the following major proprietary funds:

The *Westwoods Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the Westwoods Golf Course, which is owned by the Town and is primarily supported through charges to customers.

The *Waste Collection Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of Waste Collection and Recycling and Landfill operations within the Town and is primarily supported through charges to customers.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the Town's self-insurance program, which provides health insurance coverage for Town and Board of Education employees.

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for the various student activities and clubs and contractors deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking and money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivables are shown net of an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Irrigation system	15
Buildings	25-40
Sewage treatment plant	25
Pump station and drainage	30
Vehicles	5-15
Construction equipment	10
School equipment	10-12
Public safety equipment	5-10
Office equipment	10
Roads	40
Bridges	50

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs and changes in investment returns. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and advance fee collections in the government-wide statement of net position and in the governmental funds balance sheet and proprietary funds statement of net position. Advance property tax collections and advance fee collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. The Town also reports deferred inflows related to pension in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, sewer use, sewer assessment and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

J. Net Other Postemployment Benefit (OPEB) Obligation

The net OPEB obligation represents the cumulative difference between the OPEB cost and the Town's contributions to the plans. The amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

L. Compensated Absences

Under the terms of various union contracts, Town and Board of Education employees are granted vacation in varying amounts based on length of service. Town and noncertified Board of Education employees may carry over five unused vacation days to subsequent years. Police may carry over vacation days equal to the number of days the employee was entitled to for the present year. In the event of termination of employment, employees are reimbursed for accumulated vacation.

Town employees covered by the AFSCME union agreement accumulate 1¼ sick days per month up to a maximum of 150 working days. Employees receive 35% of accumulated sick leave upon retirement or 25% upon termination of employment after at least five years of service in good standing.

Firefighters covered by the union agreement receive 35% of accumulated sick leave upon retirement. They receive no accumulated sick leave upon resignation or termination.

Other employees including Police employees are not compensated for accumulated sick leave upon retirement or termination of employment. Sick leave is expensed when incurred.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions on net position are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no restricted net position.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council) through the passage of a resolution.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Finance Director to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

N. Property Taxes

The Town's property tax is levied each July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in July, the legal right to attach property does not exist until August 1. Taxes are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

O. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town uses the following procedures in establishing the budgetary data included in the financial statements. No later than 45 days before the annual town meeting, the Town Manager submits a proposed budget for the General Fund to the Town Council. On the third Monday in April, the budget is presented to the annual town meeting; 10 days thereafter, the budget is voted on at a Town-wide referendum. Town management may transfer amounts between line items within a department, but only the Town Council is authorized to transfer the legally budgeted amounts between departmental accounts. In this function, departmental budget accounts serve as the level of management control. Formal legally adopted annual budgets are employed as a management control device in the General Fund (including capital expenditures) and the Water Pollution Control Authority (WPCA) special revenue funds. The legal level of budgetary control is at the fund level for the WPCA.

All unencumbered appropriations lapse at year-end, except for those for capital expenditures. Appropriations for these expenditures are continued until completion of applicable projects, which often last more than one fiscal year.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance, depending on the level of restriction.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently than reporting in conformity with GAAP. A reconciliation of these differences at June 30, 2017 can be found at RSI-1 and RSI-2.

B. Fund Balance Deficits

The Capital Projects Fund has a deficit balance of \$17,797,813 and the Special Projects Education Fund had a deficit fund balance of \$210,154. These deficits will be funded by future bonding and grant receipts.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$31,932,288 of the Town’s bank balance of \$35,222,863 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 28,410,001
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>3,522,286</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 31,932,288</u>

Cash Equivalents

At June 30, 2017, the Town’s cash equivalents amounted to \$19,012,334. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor’s
State Short-Term Investment Fund (STIF)	AAAm

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Investments

As of June 30, 2017, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>	
			<u>Less Than 1</u>	<u>1 -10</u>
Interest-bearing investments:				
Certificates of deposit	N/A	\$ 290,579	\$	\$ 290,579
Corporate bonds	A1	68,419		68,419
Corporate bonds	A3	55,525		55,525
Corporate bonds	A2	28,918		28,918
Corporate bonds	Ba1	<u>26,624</u>		<u>26,624</u>
		470,065	\$ <u>-</u>	\$ <u>470,065</u>
Other investments:				
Mutual funds		86,110,055		
Common stock		<u>8,103</u>		
Total Investments		\$ <u>86,588,223</u>		

N/A - Not applicable

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as allowed by State Statutes.

Concentration of Credit Risk

The Town has a policy limiting, with some exceptions, investments in any one issuer to no more than 5% of the Town's total investments. No more than 5% of the Town's investments were invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town had \$8,103 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

TOWN OF FARMINGTON, CONNECTICUT
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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>June 30, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Corporate Bonds	\$ 179,486	\$	\$ 179,486	\$
Common Stock	8,103	8,103		
Mutual Funds	<u>86,110,055</u>	<u>80,698,754</u>		<u>5,411,301</u>
Total Investments by Fair Value Level	<u>\$ 86,297,644</u>	<u>\$ 80,706,857</u>	<u>\$ 179,486</u>	<u>\$ 5,411,301</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Waste Collection Fund</u>	<u>Nonmajor Governmental Funds and Other</u>	<u>Total</u>
Receivables:					
Taxes	\$ 484,481	\$	\$	\$	\$ 484,481
Less allowance for uncollectibles	<u>(53,293)</u>				<u>(53,293)</u>
Taxes, net	431,188				431,188
Other governments	6,828	7,885,768		72,023	7,964,619
Assessments	2,699			2,634	5,333
Other	<u>548,467</u>		<u>13,938</u>	<u>658,410</u>	<u>1,220,815</u>
Net Total Receivables	<u>\$ 989,182</u>	<u>\$ 7,885,768</u>	<u>\$ 13,938</u>	<u>\$ 733,067</u>	<u>\$ 9,621,955</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 33,580,940	\$ 1,169,871	\$	\$ 34,750,811
Construction in progress	11,036,240	34,720,358	5,900,510	39,856,088
Total capital assets not being depreciated	<u>44,617,180</u>	<u>35,890,229</u>	<u>5,900,510</u>	<u>74,606,899</u>
Capital assets being depreciated:				
Buildings	113,518,594	1,654,697		115,173,291
Improvements	9,859,446	402,362		10,261,808
Machinery and equipment	16,841,855	2,482,621	1,152,517	18,171,959
Infrastructure	92,513,142	4,109,475		96,622,617
Total capital assets being depreciated	<u>232,733,037</u>	<u>8,649,155</u>	<u>1,152,517</u>	<u>240,229,675</u>
Less accumulated depreciation for:				
Buildings	59,310,772	2,336,248		61,647,020
Improvements	3,588,793	521,186		4,109,979
Machinery and equipment	12,037,535	920,935	1,102,841	11,855,629
Infrastructure	58,904,316	1,968,004		60,872,320
Total accumulated depreciation	<u>133,841,416</u>	<u>5,746,373</u>	<u>1,102,841</u>	<u>138,484,948</u>
Net capital assets being depreciated	<u>98,891,621</u>	<u>2,902,782</u>	<u>49,676</u>	<u>101,744,727</u>
Governmental Activities Capital Assets, Net	<u>\$ 143,508,801</u>	<u>\$ 38,793,011</u>	<u>\$ 5,950,186</u>	<u>\$ 176,351,626</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,185,750	\$	\$	\$ 1,185,750
Capital assets being depreciated:				
Improvements	253,829			253,829
Machinery and equipment	905,683	13,400	109,543	809,540
Total capital assets being depreciated	<u>1,159,512</u>	<u>13,400</u>	<u>109,543</u>	<u>1,063,369</u>
Less accumulated depreciation for:				
Improvements	253,829			253,829
Machinery and equipment	472,087	96,156	101,116	467,127
Total accumulated depreciation	<u>725,916</u>	<u>96,156</u>	<u>101,116</u>	<u>720,956</u>
Net capital assets being depreciated	<u>433,596</u>	<u>(82,756)</u>	<u>8,427</u>	<u>342,413</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,619,346</u>	<u>\$ (82,756)</u>	<u>\$ 8,427</u>	<u>\$ 1,528,163</u>

**TOWN OF FARMINGTON, CONNECTICUT
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 506,035
Education	1,989,640
Public safety	697,511
Public works including depreciation of infrastructure	2,205,055
Treatment plant	238,218
Parks and recreation	<u>109,914</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 5,746,373</u>
Business-type activities:	
Westwoods Golf	\$ 46,156
Waste Collection	<u>50,000</u>
 Total Depreciation Expense - Business-type Activities	 <u>\$ 96,156</u>

Construction Commitments

The Town has active construction projects as of June 30, 2017. The projects include widening and reconstruction of existing streets and bridges, the construction of pump stations, and bike/walking trails. At year end, the government’s commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Roads and Bridges	\$ 7,525,232	\$ 3,928,695
School Buildings	1,488,789	511,211
Town Buildings	966,250	886,160
Waste Water Treatment	31,505,882	33,187,668
Land Improvements	<u>3,089,147</u>	<u>2,610,853</u>
	<u>\$ 44,575,300</u>	<u>\$ 41,124,587</u>

The commitments are being financed with general obligation bonds, state and federal grants and town appropriations.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 583,142
	Westwoods Fund	987,944
		<u>1,571,086</u>
Capital Projects Fund	General Fund	1,196,657
Nonmajor Governmental Funds	General Fund	4,149,275
Waste Collection Fund	General Fund	<u>249,865</u>
		<u>\$ 7,166,883</u>

Interfund receivables and payables represent temporary loans for operations.

Interfund transfers that occurred during the year are as follows:

	<u>Transfers Out</u>			
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Westwoods Fund</u>	<u>Total Transfers In</u>
General Fund	\$	\$	\$ 317,000	\$ 317,000
Nonmajor Governmental Fund	830,000			830,000
Capital Projects Fund	<u>3,318,591</u>	<u>1,000,000</u>		<u>4,318,591</u>
Total	<u>\$ 4,148,591</u>	<u>\$ 1,000,000</u>	<u>\$ 317,000</u>	<u>\$ 5,465,591</u>

Interfund transfers represent monies used to fund projects, return excess monies to originating fund from completed projects, or to cover budget overages.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 35,825,000	\$ 5,500,000	\$ 4,625,000	\$ 36,700,000	\$ 5,030,000
Issuance premiums	<u>2,181,067</u>	<u>262,945</u>	<u>328,385</u>	<u>2,115,627</u>	
	38,006,067	5,762,945	4,953,385	38,815,627	5,030,000
Capital lease	3,601,591		217,679	3,383,912	232,130
OPEB obligation	10,504,758	2,393,135		12,897,893	
Net pension liability	33,095,114		3,657,961	29,437,153	
Compensated absences	<u>2,350,317</u>	<u>723,034</u>	<u>984,476</u>	<u>2,088,875</u>	<u>367,333</u>
Governmental Activities Long-Term Liabilities	<u>\$ 87,557,847</u>	<u>\$ 8,879,114</u>	<u>\$ 9,813,501</u>	<u>\$ 86,623,460</u>	<u>\$ 5,629,463</u>
Business-Type Activities:					
Capital lease	<u>\$ 114,740</u>	<u>\$ -</u>	<u>\$ 15,955</u>	<u>\$ 98,785</u>	<u>\$ 16,554</u>

For the governmental activities, compensated absences are generally liquidated by the fund where the employee is charged.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

General Obligation Bonds

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2017</u>
General Obligation Bonds	5/1/2009	\$ 13,475,000	2.25-5.00	9/15/2021	\$ 1,455,000- 1,560,000	\$ 7,365,000
General Obligation Bonds	6/23/2011	11,550,000	2.00-4.00	4/1/2026	210,000- 1,085,000	6,800,000
General Obligation Bonds	5/24/2012	4,840,000	2.00-4.00	7/1/2025	420,000- 790,000	4,420,000
General Obligation Bonds	1/31/2013	4,220,000	2.00-3.00	1/15/2028	115,000- 545,000	2,880,000
General Obligation Bonds	4/21/2015	4,075,000	2.00-4.00	4/15/2030	270,000- 275,000	3,525,000
General Obligation Bonds	6/17/2015	7,440,000	2.00-5.00	9/15/2020	760,000- 2,060,000	4,250,000
General Obligation Bonds	11/18/2015	2,100,000	2.00-4.00	11/15/2030	140,000	1,960,000
General Obligation Bonds	10/3/2016	5,500,000	2.00-4.00	10/1/2032	355,000- 380,000	5,500,000
Total						<u>\$ 36,700,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 5,030,000	\$ 1,240,219
2019	5,000,000	1,029,894
2020	5,005,000	813,244
2021	4,480,000	607,869
2022	3,690,000	443,369
2023-2027	9,925,000	1,037,938
2028-2032	<u>3,570,000</u>	<u>179,572</u>
	<u>\$ 36,700,000</u>	<u>\$ 5,352,105</u>

In September 2016, the Town issued \$5,500,000 of general obligation bonds with interest rates of 2.0% to 4.0%.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

Bond Anticipation Notes

On May 9, 2017, the Town retired \$35,000,000 of bond anticipation notes with an interest rate of 3.0%. Also on April 27, 2017, the Town issued \$42,000,000 of bond anticipation notes with a maturity date of May 9, 2018 and an interest rate of 3.0% to temporarily finance improvements to the Town's Waste Water Treatment Plant. The Town received a premium of \$837,480 on these notes to offset the net interest cost of 1.00%.

Legal Debt Limit

The Town's indebtedness does not exceed the legal debt limitation as established by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 208,523,752	\$ 29,163,651	\$ 179,360,101
Schools	417,047,504	13,385,319	403,662,185
Sewers	347,539,586	59,898,814	287,640,772
Urban renewal	301,200,975		301,200,975
Pension deficit	278,031,669		278,031,669

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$648,740,561.

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2017 is \$23,747,784. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Capital Leases

Governmental Activities

The Town has entered into lease agreements as lessee for financing the acquisition of rolling stock and for energy conservation improvements to various Town and School buildings. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 330,098
2019	338,335
2020	346,820
2021	298,882
2022	307,883
2023-2027	1,684,165
2028-2029	746,761
Less amount representing interest	<u>(669,032)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,383,912</u>

Business Activities

The Town has entered into a lease agreement as lessee for financing the acquisition of golf carts. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>
2018	\$ 19,920
2019	19,920
2020	19,920
2021	47,759
Less amount representing interest	<u>(8,734)</u>
Present Value of Minimum Lease Payments	<u>\$ 98,785</u>

Clean Water Fund Grant and Loan Program

During July 2016, the Town entered into a Project Loan and Grant Agreement totaling \$48.1 million with the State of Connecticut under the Clean Water Fund Program to finance the upgrade to the Wastewater Treatment Plant. As of June 30, 2017, the Town earned \$7,563,835 in grant advances. Since the Town issued Bond Anticipation Notes for this project the loan piece of this agreement was delayed until project completion. Total expenditures for the project under this agreement through June 30, 2017 totaled \$33,934,183.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 17,916	\$ 17,916
Prepaid items			6,257	6,257
Restricted for:				
General government			519,960	519,960
Education			1,260,275	1,260,275
Public safety			41,233	41,233
Committed to:				
Public works			1,544,269	1,544,269
General government			190,834	190,834
Culture and recreation			108,849	108,849
Education			1,171,633	1,171,633
Debt Service			1,038,256	1,038,256
Assigned to:				
Education	595,369			595,369
Unassigned	<u>12,047,641</u>	<u>(17,797,813)</u>	<u>(210,154)</u>	<u>(5,960,326)</u>
Total Fund Balances	<u>\$ 12,643,010</u>	<u>\$ (17,797,813)</u>	<u>\$ 5,689,328</u>	<u>\$ 534,525</u>

Encumbrances of \$595,369 are contained in the above table in the assigned category of the General Fund.

4. EMPLOYEE RETIREMENT PLAN

Pension Trust Fund

A. Plan Description and Benefits Provided

The Town is the administrator of a single-employer defined-benefit pension plan, the Public Employee Retirement System (PERS), established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to the Plan. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

Management of the plan rests with a Retirement Board, which consists of eleven (11) members appointed by the Town Council. At least one member of the Board must also be a member of the Town Council and at least five members of the Retirement Board must be Town employees. The Board has all the powers necessary for the proper administration of the Plan. These powers include prescribing procedures to be followed in filing applications for benefits; having periodic actuarial valuations of the Plan undertaken by an actuary; and directing and monitoring investment Plan assets.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. All eligible full-time employees must participate in the Town’s pension plan. All employees, except police, are 100% vested after 5 years of service. Police are 100% vested after 10 years of service. Employees who retire at normal retirement age receive a retirement benefit. The Town of Farmington has the authority to establish and amend the contribution requirements of the Plan. Effective July 1, 2011, the Plan was closed to all new employees, except police, fire and education employees. To be eligible, a Town employee, including fire employees, must have attained age 25 if hired before July 1, 1983; if hired after such date, the employee is eligible at date of hire. Any employees hired after July 1, 2011 are required to participate in a defined contribution plan.

Municipal employees are entitled to 2% of final earnings times years of credited service with the maximum benefit being 65% of final earnings. Firemen are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 60% of final earnings. Police are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 65% (70% for supervisors) of final earnings. Police who retire after January 12, 2012 are subject to a maximum benefit equal to 105% of the Police employee’s base salary at time of retirement. Police who are hired after June 12, 2012 are subject to a maximum benefit equal to 85% of their base salary at time of retirement. Early eligibility is available at age 55 with 5 years of service for municipal employees and age 55 with 10 years of service for firemen. Benefits are fixed by contract and may be amended by union negotiations.

Plan membership consisted of the following at July 1, 2016, the date of the latest actuarial valuation:

Retirees, disabled employees, and beneficiaries currently receiving benefits	236
Terminated employees entitled to benefits but not yet receiving them	97
Current plan members	<u>350</u>
	<u><u>683</u></u>

B. Summary of Significant Accounting Policies

Basis of Accounting

The Town’s Pension Plan’s financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

All funds are administered through a custodial contract with Wells Fargo Bank, N.A., and are reported at fair value.

Funding Policy

Town employees other than fire employees and police contribute 6%, while fire employees contribute 7.75% and police contribute 7% of their respective gross earnings.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For the fiscal year ended June 30, 2017, the Town contributed \$3,118,029 which represents approximately 14.46% of covered payroll of \$21,564,107.

Administrative costs of the Plan are financed through investment earnings.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

C. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Core Fixed Income	34.50 %
U.S. Inflation-Indexed Bonds	1.67
U.S. Equity Market	22.50
U.S. Small Caps	5.00
U.S. Mid Caps	5.00
Foreign Developed Equity	20.00
Emerging Markets Equity	2.50
U.S. REIT's	5.00
Commodities	3.83
	<u>100.00 %</u>

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017 were as follows:

Total pension liability	\$ 115,229,398
Plan fiduciary net position	<u>85,792,245</u>
Net Pension Liability	<u>\$ 29,437,153</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.45%</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Graded from 6.5% to 3.5%
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection of future mortality improvement per Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014-June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	2.66 %
U.S. Inflation-Indexed Bonds	1.95
U.S. Equity Market	5.15
U.S. Small Caps	6.11
U.S. Mid Caps	5.41
Foreign Developed Equity	5.88
Emerging Markets Equity	8.14
U.S. REIT's	5.17
Commodities	3.02

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 111,372,098	\$ 78,276,984	\$ 33,095,114
Changes for the year:			
Service cost	2,767,051		2,767,051
Interest on total pension liability	7,746,331		7,746,331
Differences between expected and actual experience	(404,246)		(404,246)
Employer contributions		3,118,029	(3,118,029)
Member contributions		1,525,212	(1,525,212)
Net investment income		9,183,296	(9,183,296)
Benefit payments, including refund to employee contributions	(6,251,836)	(6,251,836)	-
Administrative expenses		(59,440)	59,440
Net changes	<u>3,857,300</u>	<u>7,515,261</u>	<u>(3,657,961)</u>
Balances as of June 30, 2017	<u>\$ 115,229,398</u>	<u>\$ 85,792,245</u>	<u>\$ 29,437,153</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 42,564,895	\$ 29,437,153	\$ 18,258,988

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Town recognized pension expense of \$5,187,526. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town's Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 694,159	\$ 839,596
Changes of assumptions	1,387,782	
Net difference between projected and actual earnings on pension plan investments	<u>2,003,926</u>	
Total	<u>\$ 4,085,867</u>	<u>\$ 839,596</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$ 1,560,515
2019	1,560,514
2020	778,568
2021	(597,361)
2022	(49,339)
Thereafter	(6,626)

Teachers Retirement

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017**

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>112,333,460</u>
Total	\$	<u><u>112,333,460</u></u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$12,250,637 on Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

5. OTHER POSTEMPLOYMENT BENEFITS

A. Summary of Significant Accounting Policies

Basis of Accounting

The Town funding and payment of postemployment benefits are accounted for in the Internal Service Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

B. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. The RMP is a single-employer defined benefit healthcare plan administered by the Town. Retired program members and beneficiaries currently receiving benefits are required to contribute active employee premiums. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town’s various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2015, plan membership consisted of the following:

Retired participants and spouses	249
Active plan members	<u>776</u>
	<u><u>1,025</u></u>

C. Funding Policy

The Town’s funding strategy for postemployment obligations is based upon characteristics of benefits on Town and Board of Education employees established within their respective collective bargaining units and/or contracts and include the following:

- All Town and Board of Education employees retiring with at least 15 years of creditable service are eligible at age 55, excluding certified school staff who are assumed to be covered by plans offered through the Connecticut Teachers Retirement Board.
- Benefits are payable to the employee and to a spouse for their lifetime, regardless of when the retiree dies.
- Police employees are covered 100%; however, Police Benevolent Association pays 25% of the premium cost. Spouses pay 50% of the premium cost.
- All other employees pay 50% of the premium cost and spouses pay 100% of the premium cost.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

D. Annual OPEB Cost and Net OPEB Obligations

The Town of Farmington’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

Annual required contribution (ARC)	\$ 3,653,354
Interest on net OPEB obligation	420,190
Adjustment to annual required contribution	<u>(445,990)</u>
Annual OPEB cost	3,627,554
Contributions made	<u>1,234,419</u>
Change in net OPEB obligation	2,393,135
Net OPEB obligation at beginning of year	<u>10,504,758</u>
Net OPEB Obligation at End of Year	<u><u>\$ 12,897,893</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2017 is presented below. The year of transition was June 30, 2009.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 3,305,964	\$ 1,124,433	34.01%	\$ 8,139,556
6/30/2016	3,510,009	1,144,807	32.62%	10,504,758
6/30/2017	3,627,554	1,234,419	34.03%	12,897,893

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll (b-a)/c</u>
6/30/2011	\$ -	\$ 30,822,853	\$ 30,822,853	0%	\$ N/A	N/A
7/1/2013	-	36,108,188	36,108,188	0%	N/A	N/A
7/1/2015	-	38,817,590	38,817,590	0%	N/A	N/A

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
6/30/2015	\$ 1,124,433	\$ 3,303,639	34.04%
6/30/2016	1,144,807	3,517,986	34.04%
6/30/2017	1,234,419	3,653,354	32.54%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 5.7% initially, reduced by decrements to an ultimate rate of 4.7% after 68 years. The general inflation assumption is 2.7%. Projected salary increases start at 6.5% and are reduced to 3.5% depending on age. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining amortization period at June 30, 2017 at 30 years.

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2017, 2016 or 2015.

The Town's self-insurance program, which commenced July 1, 1983, is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees under 65, provided that they pay a yearly premium to the Town. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 120% of expected claim payments in the aggregate for the Town and 125% of expected claim payments in the aggregate for the Board of Education. In addition, the policies on an individual basis cover claims in excess of \$100,000 (Town) and \$125,000 (Board of Education). During 2017, total claims expense was \$12,481,250, which did not exceed 120% of expected claim payments and an estimate for claims incurred but not reported as of June 30, 2017.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded claims payable at June 30, 2017 of \$1,025,146.

Premium payments are reported as quasi-external interfund transactions for the General Fund, Enterprise Fund and the WPCA Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the participating funds.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Changes in the claims liability for the past two years are as follows:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2016-2017	\$ 908,587	\$ 12,481,250	\$ (12,364,691)	\$ 1,025,146
2015-2016	966,524	11,865,241	(11,923,178)	908,587

B. Contingent Liabilities

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, are believed by counsel to be likely to result in judgment or judgments that could materially affect the Town’s financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

During October 2016, the Town was the victim of wire fraud and incurred a loss of \$2,042,449 in a fraudulent vendor scheme. There is an ongoing investigation involving several law enforcement agencies. Shortly after discovering the loss the Town was able to recover \$891,386.49 of the funds. The Town is actively pursuing recovery of the remaining funds through litigation. The Town is also making provision to cover any remaining loss that is not covered through insurance or litigation. The entire amount of the loss and the recovery are reported in the capital projects fund as expenditures and revenues, respectively. The amount of any further recovery cannot be determined at this time and therefore has not been recorded on the financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWN OF FARMINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Property Taxes:				
Current taxes	\$ 91,064,511	\$ 91,064,511	\$ 91,382,518	\$ 318,007
Delinquent taxes	200,000	200,000	132,457	(67,543)
Interest and lien fees	225,000	225,000	203,848	(21,152)
Supplemental MV taxes	750,000	750,000	847,725	97,725
Total property taxes	<u>92,239,511</u>	<u>92,239,511</u>	<u>92,566,548</u>	<u>327,037</u>
Federal and State Grants:				
General education	1,198,423	1,198,423	1,036,574	(161,849)
Social services grants	12,000	12,000	10,981	(1,019)
In lieu of taxes	3,404,284	3,404,284	3,439,202	34,918
Police grant	75,000	75,000	95,499	20,499
Highway grants	373,341	373,341	373,438	97
Municipal Revenue Sharing	787,123	787,123	881,091	93,968
Total federal and state grants	<u>5,850,171</u>	<u>5,850,171</u>	<u>5,836,785</u>	<u>(13,386)</u>
Charges for Current Services:				
Housing	52,000	52,000	49,663	(2,337)
Police services	225,000	225,000	225,010	10
Rentals	4,500	4,500	7,125	2,625
Sewer inspection fees	17,000	17,000	2,000	(15,000)
Town clerk fees	285,000	285,000	231,825	(53,175)
Tower space rental	151,258	151,258	181,191	29,933
Conveyance tax	550,000	550,000	628,558	78,558
Busing fees	5,785	5,785	8,720	2,935
Total charges for current services	<u>1,290,543</u>	<u>1,290,543</u>	<u>1,334,092</u>	<u>43,549</u>
Licenses and Permits:				
Dog licenses	6,000	6,000	7,085	1,085
Building permits	675,000	675,000	626,507	(48,493)
Other permits	13,500	13,500	16,040	2,540
Total licenses and permits	<u>694,500</u>	<u>694,500</u>	<u>649,632</u>	<u>(44,868)</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Penalties:				
Court fines	\$ 37,000	\$ 37,000	\$ 44,130	\$ 7,130
Dog fines and charges	3,000	3,000	1,135	(1,865)
Total fines and penalties	<u>40,000</u>	<u>40,000</u>	<u>45,265</u>	<u>5,265</u>
Investment Income	<u>85,000</u>	<u>85,000</u>	<u>161,549</u>	<u>76,549</u>
Other:				
Zoning hearings	22,000	22,000	22,202	202
Other assessments	5,000	5,000	1,980	(3,020)
Alarm fines and connections	15,000	15,000	10,400	(4,600)
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>140,460</u>	<u>115,460</u>
Total other	<u>67,000</u>	<u>67,000</u>	<u>175,042</u>	<u>108,042</u>
Total revenues	<u>100,266,725</u>	<u>100,266,725</u>	<u>100,768,913</u>	<u>502,188</u>
Other Financing Sources:				
Operating Transfers In:				
Westwoods Contribution	<u>332,990</u>	<u>332,990</u>	<u>317,000</u>	<u>(15,990)</u>
Total Revenues and Other Financing Sources	<u>\$ 100,599,715</u>	<u>\$ 100,599,715</u>	101,085,913	<u>\$ 486,198</u>
Budgetary revenues are different than GAAP revenues because:				
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting this amount is excluded for GAAP financial reporting purposes			(59,941)	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			<u>12,250,367</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit - IV			<u>\$ 113,276,339</u>	

**TOWN OF FARMINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
General administration:				
Town Manager	\$ 486,188	\$ 507,491	\$ 507,488	\$ 3
Finance	1,110,563	1,113,540	1,113,536	4
Probate Court	15,000	15,000	13,848	1,152
Registrars	124,879	124,879	113,394	11,485
Town Council	53,000	53,000	51,465	1,535
Personnel services	494,708	207,636	50,336	157,300
Legal	185,000	185,000	120,204	64,796
Town Clerk	327,394	334,701	334,697	4
Economic Development	118,489	131,309	131,306	3
Payments to outside agencies	2,663,927	2,663,927	2,660,826	3,101
Planning and zoning	346,861	346,861	299,236	47,625
Public buildings	147,079	169,152	169,149	3
Insurance	265,930	265,930	260,356	5,574
	<u>6,339,018</u>	<u>6,118,426</u>	<u>5,825,841</u>	<u>292,585</u>
Public safety:				
Fire marshal	1,029,747	1,029,747	1,028,155	1,592
Fire department	1,539,046	1,550,401	1,550,396	5
Police department	5,760,799	5,803,737	5,803,734	3
Communications center	990,692	1,047,355	1,047,352	3
EMS services	21,225	21,225	21,225	-
Building inspector	181,811	181,811	178,367	3,444
	<u>9,523,320</u>	<u>9,634,276</u>	<u>9,629,229</u>	<u>5,047</u>
Public works:				
Highway and grounds	3,996,967	4,106,603	4,106,599	4
Engineering	552,289	552,289	457,324	94,965
Public works and development	100,922	100,922	92,060	8,862
	<u>4,650,178</u>	<u>4,759,814</u>	<u>4,655,983</u>	<u>103,831</u>
Community and recreation services:				
Community services	788,260	788,260	772,448	15,812
Housing	27,370	27,370	20,927	6,443
	<u>815,630</u>	<u>815,630</u>	<u>793,375</u>	<u>22,255</u>
Other:				
Benefits	6,773,495	6,773,495	6,604,788	168,707
Other	10,000	10,000		10,000
	<u>6,783,495</u>	<u>6,783,495</u>	<u>6,604,788</u>	<u>178,707</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Debt service	\$ 5,836,368	\$ 5,836,368	\$ 5,791,341	\$ 45,027
Total general government	33,948,009	33,948,009	33,300,557	647,452
Board of Education	62,503,115	62,503,115	62,493,762	9,353
Total Board of Education and General Government	96,451,124	96,451,124	95,794,319	656,805
Other Financing Uses:				
Transfers out:				
Debt Service Fund	830,000	830,000	830,000	-
Capital Projects Fund	3,318,591	3,318,591	3,318,591	-
Total Expenditures, Encumbrances and Other Financing Uses	\$ 100,599,715	\$ 100,599,715	99,942,910	\$ 656,805
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			12,250,367	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(595,369)	
Encumbrances for purchases and commitments ordered in the previous fiscal year are not reported in the current fiscal year for budgetary purposes, but are shown in the year expended for financial reporting purposes			310,442	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 111,908,350	

TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN PENSION PLAN
LAST FOUR FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 2,423,489	\$ 2,617,259	\$ 2,685,011	\$ 2,767,051
Interest	6,781,290	7,136,946	7,488,073	7,746,331
Differences between expected and actual experience	2,633,994	1,716,934	1,032,773	(404,246)
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>	<u>(5,583,029)</u>	<u>(6,074,150)</u>	<u>(6,251,836)</u>
Net change in total pension liability	6,732,042	5,888,110	5,131,707	3,857,300
Total pension liability - beginning	<u>93,620,239</u>	<u>100,352,281</u>	<u>106,240,391</u>	<u>111,372,098</u>
Total pension liability - ending	<u>100,352,281</u>	<u>106,240,391</u>	<u>111,372,098</u>	<u>115,229,398</u>
Plan fiduciary net position:				
Contributions - employer	2,270,080	2,751,795	3,110,676	3,118,029
Contributions - member	1,365,672	1,363,022	1,325,776	1,525,212
Net investment income (loss)	9,995,112	1,630,361	(197,722)	9,183,296
Benefit payments, including refunds of member contributions	(5,106,731)	(5,583,029)	(6,074,150)	(6,251,836)
Administrative expense	(99,291)	(58,021)	(59,260)	(59,440)
Other	<u>34,041</u>			
Net change in plan fiduciary net position	8,458,883	104,128	(1,894,680)	7,515,261
Plan fiduciary net position - beginning	<u>71,608,653</u>	<u>80,067,536</u>	<u>80,171,664</u>	<u>78,276,984</u>
Plan fiduciary net position - ending	<u>80,067,536</u>	<u>80,171,664</u>	<u>78,276,984</u>	<u>85,792,245</u>
Net Pension Liability - Ending	<u>\$ 20,284,745</u>	<u>\$ 26,068,727</u>	<u>\$ 33,095,114</u>	<u>\$ 29,437,153</u>
Plan fiduciary net position as a percentage of the total pension liability	79.79%	75.46%	70.28%	74.45%
Covered-employee payroll	\$ 20,652,300	\$ 20,141,456	\$ 20,903,455	\$ 21,564,107
Net pension liability as a percentage of covered-employee payroll	98.22%	129.43%	158.32%	136.51%

TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN PENSION PLAN
LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 945,584	\$ 1,135,040	\$ 1,951,127	\$ 2,013,158	\$ 1,971,693	\$ 2,108,977	\$ 2,267,150	\$ 2,751,795	\$ 3,040,676	\$ 3,118,029
Contributions in relation to the actuarially determined contribution	<u>992,469</u>	<u>1,183,279</u>	<u>1,291,590</u>	<u>1,950,000</u>	<u>2,055,490</u>	<u>2,109,000</u>	<u>2,270,080</u>	<u>2,751,795</u>	<u>3,110,676</u>	<u>3,118,029</u>
Contribution Deficiency (Excess)	\$ <u>(46,885)</u>	\$ <u>(48,239)</u>	\$ <u>659,537</u>	\$ <u>63,158</u>	\$ <u>(83,797)</u>	\$ <u>(23)</u>	\$ <u>(2,930)</u>	\$ <u>-</u>	\$ <u>(70,000)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 18,324,455	\$ 18,748,405	\$ 19,085,815	\$ 19,627,086	\$ 21,334,076	\$ 20,652,300	\$ 20,652,300	\$ 20,141,456	\$ 20,903,445	\$ 21,564,107
Contributions as a percentage of covered-employee payroll	5.42%	6.31%	6.77%	9.94%	9.63%	10.21%	10.99%	13.66%	14.88%	14.46%

Notes to Schedule

Valuation date: July 1, 2016
Measurement date: June 30, 2017
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method Level percentage of payroll, closed
Remaining amortization period 26 years
Asset valuation method 5-year smoothed market
Inflation 2.75%
Salary increases Graded from 6.5% to 3.5%
Investment rate of return 7.00%
Retirement age Rates that vary by age and group

Mortality RP-2000 Mortality for Employees, Health Annuitants, and Disabled Annuitants, with generational projection per Scale AA

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - TOWN PENSION PLAN
LAST FOUR FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	13.88%	2.03%	-0.25%	11.64%

TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>78,837,748</u>	<u>85,294,583</u>	<u>112,333,460</u>
Total	<u>\$ 78,837,748</u>	<u>\$ 85,294,583</u>	<u>\$ 112,333,460</u>
Town's covered-employee payroll	\$ 30,857,874	\$ 31,383,849	\$ 33,357,931
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	59.50%	52.26%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities and equipment.

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	Field/Playground Equipment	Housing Land Bank	Farmington Valley Greenways	Farmington Canal Heritage Greenway	Tunxis Meade Imps	Irrigation Improvements	Alice Clover Pinney Gazebo
Total Project Authorization	\$ <u> </u>	\$ <u>390,000</u>	\$ <u>3,532,148</u>	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -
Revenues:							
State and federal grants	\$	\$	\$	\$ 2,549,985	\$ 24,173	\$	\$
Other	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	-	-	-	2,549,985	24,173	-	-
Project Expenditures	<u>32,722</u>	<u> </u>	<u>75,446</u>	<u>2,513,336</u>	<u>27,394</u>	<u>39,754</u>	<u> </u>
Other Financing Sources (Uses):							
Bond proceeds							
Operating transfers in:							
General Fund	40,000						
Capital Projects Fund							
Water Pollution Control Authority							
Operating transfers out:							
Capital Projects Fund							(4,802)
Total other financing sources (uses)	<u>40,000</u>	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	7,278	-	(75,446)	36,649	(3,221)	(39,754)	(4,802)
Project/Fund Balance at Beginning of Year	<u> </u>	<u>7,637</u>	<u>117,510</u>	<u>71,020</u>	<u>18,373</u>	<u>19,832</u>	<u>4,802</u>
Project/Fund Balance at End of Year	\$ <u>7,278</u>	\$ <u>7,637</u>	\$ <u>42,064</u>	\$ <u>107,669</u>	\$ <u>15,152</u>	\$ <u>(19,922)</u>	\$ <u> </u> -

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TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	High School Turf Field	High School Tennis Courts	High School Track	Bridge Repair	Sidewalk Replacement	Sidewalk Construction	Unionville Sidewalk Replacement
Total Project Authorization	\$ -	\$ -	\$ 100,000	\$ 815,000	\$ 467,800	\$ 215,000	\$ -
Revenues:							
State and federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,678
Other	-	-	-	-	-	-	950
Total revenues	-	-	-	-	-	-	127,628
Project Expenditures	-	-	-	-	8,825	-	218,853
Other Financing Sources (Uses):							
Bond proceeds							
Operating transfers in:							
General Fund							
Capital Projects Fund			854				
Water Pollution Control Authority							
Operating transfers out:							
Capital Projects Fund		(636)					
Total other financing sources (uses)	-	(636)	854	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(636)	854	-	(8,825)	-	(91,225)
Project/Fund Balance at Beginning of Year	41,193	636	(854)	107,936	57,414	32,690	850
Project/Fund Balance at End of Year	\$ 41,193	\$ -	\$ -	\$ 107,936	\$ 48,589	\$ 32,690	\$ (90,375)

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TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>School Code & Safety</u>	<u>School Security</u>	<u>Districtwide Mechanical Equipment</u>	<u>Capital Facilities Report</u>	<u>Telephone System Replace</u>	<u>High School Renovation</u>	<u>FHS Schematic Design</u>	<u>School Roof Replacement</u>
Total Project Authorization	\$ <u>1,075,000</u>	\$ <u>-</u>	\$ <u>55,400</u>	\$ <u>92,800</u>	\$ <u>-</u>	\$ <u>8,500,000</u>	\$ <u>-</u>	\$ <u>2,147,500</u>
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>15,575</u>	<u>22,747</u>	<u>35,152</u>	<u>7,490</u>	<u>28,162</u>	<u>-</u>	<u>201,681</u>	<u>35,310</u>
Other Financing Sources (Uses):								
Bond proceeds								
Operating transfers in:								
General Fund	50,000	50,000	55,400	92,800		161,000	400,000	8,700
Capital Projects Fund								
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>55,400</u>	<u>92,800</u>	<u>-</u>	<u>161,000</u>	<u>400,000</u>	<u>8,700</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	34,425	27,253	20,248	85,310	(28,162)	161,000	198,319	(26,610)
Project/Fund Balance at Beginning of Year	<u>(12,537)</u>	<u>38,140</u>	<u>-</u>	<u>-</u>	<u>55,692</u>	<u>(186,746)</u>	<u>99,672</u>	<u>(144,970)</u>
Project/Fund Balance at End of Year	\$ <u>21,888</u>	\$ <u>65,393</u>	\$ <u>20,248</u>	\$ <u>85,310</u>	\$ <u>27,530</u>	\$ <u>(25,746)</u>	\$ <u>297,991</u>	\$ <u>(171,580)</u>

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TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>School Wide Technology Improvements</u>	<u>School Furniture</u>	<u>Cafeteria Equipment</u>	<u>Special Education Vehicles</u>	<u>IAR Generator</u>	<u>IAR Parking Lot</u>	<u>IAR Heating System</u>	<u>2003 Open Space Acquisition</u>
Total Project Authorization	\$ <u>1,177,800</u>	\$ <u>110,000</u>	\$ <u>35,000</u>	\$ <u>-</u>	\$ <u>225,000</u>	\$ <u>950,000</u>	\$ <u>1,100,000</u>	\$ <u>3,500,000</u>
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>510,192</u>		<u>34,904</u>	<u>85,000</u>	<u>8,060</u>	<u>50,079</u>	<u>1,139,068</u>	<u>191,414</u>
Other Financing Sources (Uses):								
Bond proceeds							1,900,000	589,646
Operating transfers in:								
General Fund	505,000		35,000	85,000				
Capital Projects Fund								
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	<u>505,000</u>	<u>-</u>	<u>35,000</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>	<u>589,646</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(5,192)	-	96	-	(8,060)	(50,079)	760,932	398,232
Project/Fund Balance at Beginning of Year	<u>61,411</u>	<u>(64)</u>	<u>-</u>	<u>(7,452)</u>	<u>62,130</u>	<u>52,822</u>	<u>(349,721)</u>	<u>(519,533)</u>
Project/Fund Balance at End of Year	\$ <u>56,219</u>	\$ <u>(64)</u>	\$ <u>96</u>	\$ <u>(7,452)</u>	\$ <u>54,070</u>	\$ <u>2,743</u>	\$ <u>411,211</u>	\$ <u>(121,301)</u>

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TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	2004 Open Space Acquisition	2005 Open Space Acquisition	2014 Open Space Acquisition	Road Reconstruction	New Britain Avenue Design	South Road Reconstruction	Town Hall Improvements
Total Project Authorization	\$ 1,500,000	\$ 1,000,000	\$ 3,500,000	\$ 7,228,000	\$ 125,000	\$ -	\$ 2,269,500
Revenues:							
State and federal grants	\$ 69,875	\$ -	\$ 3,000	\$ -	\$ 162,080	\$ 931,204	\$ -
Other				925			
Total revenues	69,875	-	3,000	925	162,080	931,204	-
Project Expenditures		765,788	234,209	1,222,666	259,810	931,204	2,649
Other Financing Sources (Uses):							
Bond proceeds		660,354		1,500,000			
Operating transfers in:							
General Fund					125,000		
Capital Projects Fund							
Water Pollution Control Authority							
Operating transfers out:							
Capital Projects Fund							
Total other financing sources (uses)	-	660,354	-	1,500,000	125,000	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	69,875	(105,434)	(231,209)	278,259	27,270	-	(2,649)
Project/Fund Balance at Beginning of Year	(55,194)	(4,340)	(11,350)	12,118	191,829	245	632,283
Project/Fund Balance at End of Year	\$ 14,681	\$ (109,774)	\$ (242,559)	\$ 290,377	\$ 219,099	\$ 245	\$ 629,634

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TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	Building Equipment Improvements	Salt Storage Shed Roof	Overhead Door Replacements	Truck Lift	Emergency Operations	Staples House Improvements	SR CTR Improvements
Total Project Authorization	\$ 180,000	\$ -	\$ -	\$ -	\$ 130,000	\$ 180,000	\$ -
Revenues:							
State and federal grants	\$	\$		\$	\$		\$ 64,450
Other	3,033						
Total revenues	3,033	-	-	-	-	-	64,450
Project Expenditures	36,728			85,000		18,228	65,002
Other Financing Sources (Uses):							
Bond proceeds							
Operating transfers in:							
General Fund				85,000			
Capital Projects Fund			56				
Water Pollution Control Authority							
Operating transfers out:							
Capital Projects Fund		(3,162)		(35,000)			
Total other financing sources (uses)	-	(3,162)	56	50,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(33,695)	(3,162)	56	(35,000)	-	(18,228)	(552)
Project/Fund Balance at Beginning of Year	152,337	3,162	(56)	35,000	(19,294)	25,000	40,000
Project/Fund Balance at End of Year	\$ 118,642	\$ -	\$ -	\$ -	\$ (19,294)	\$ 6,772	\$ 39,448

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	SR CTR Exercise Equipment	WWGC Maintenance Shed	WWGC Maintenance BLDG Improvements	Energy Performance Projects	Exterior Facility Lighting	Town Technology Improvements
Total Project Authorization	\$ <u>25,000</u>	\$ <u>25,000</u>	\$ <u>600,000</u>	\$ <u>3,705,081</u>	\$ <u>-</u>	\$ <u>127,000</u>
Revenues:						
State and federal grants	\$	\$	\$	\$	\$ 32,500	\$
Other					500	
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,000</u>	<u>-</u>
Project Expenditures	<u>23,137</u>	<u></u>	<u>31,661</u>	<u>257,691</u>	<u>3,598</u>	<u>85,505</u>
Other Financing Sources (Uses):						
Bond proceeds						
Operating transfers in:						
General Fund	25,000		60,000	257,691		50,000
Capital Projects Fund		6,627				
Water Pollution Control Authority						
Operating transfers out:						
Capital Projects Fund						
Total other financing sources (uses)	<u>25,000</u>	<u>6,627</u>	<u>60,000</u>	<u>257,691</u>	<u>-</u>	<u>50,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	1,863	6,627	28,339	-	29,402	(35,505)
Project/Fund Balance at Beginning of Year	<u>-</u>	<u>(6,627)</u>	<u>-</u>	<u>610,319</u>	<u>320,947</u>	<u>77,245</u>
Project/Fund Balance at End of Year	<u>\$ 1,863</u>	<u>\$ -</u>	<u>\$ 28,339</u>	<u>\$ 610,319</u>	<u>\$ 350,349</u>	<u>\$ 41,740</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>Tax & Assessment Software</u>	<u>Real Property Revaluation</u>	<u>New Computer System</u>	<u>Land Record Indexing</u>	<u>Telephone System Police</u>	<u>Police Technology Improvements</u>	<u>Communications Improvement</u>
Total Project Authorization	\$ -	\$ 220,000	\$ 328,220	\$ 25,000	\$ -	\$ 147,000	\$ -
Revenues:							
State and federal grants	\$	\$	\$	\$	\$	\$	\$
Other			25,151				
Total revenues	<u>-</u>	<u>-</u>	<u>25,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>46,752</u>	<u>21,333</u>	<u>37,651</u>	<u>58,482</u>	<u>23,328</u>	<u>149,500</u>
Other Financing Sources (Uses):							
Bond proceeds							
Operating transfers in:							
General Fund		220,000		30,000	90,000	55,000	25,000
Capital Projects Fund							
Water Pollution Control Authority							
Operating transfers out:							
Capital Projects Fund							
Total other financing sources (uses)	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>30,000</u>	<u>90,000</u>	<u>55,000</u>	<u>25,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	173,248	3,818	(7,651)	31,518	31,672	(124,500)
Project/Fund Balance at Beginning of Year	<u>33,554</u>	<u>-</u>	<u>27,585</u>	<u>7,651</u>	<u>-</u>	<u>74,529</u>	<u>153,000</u>
Project/Fund Balance at End of Year	<u>\$ 33,554</u>	<u>\$ 173,248</u>	<u>\$ 31,403</u>	<u>\$ -</u>	<u>\$ 31,518</u>	<u>\$ 106,201</u>	<u>\$ 28,500</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>Police Building Improvements</u>	<u>Speed Sign Trailers</u>	<u>Environmental Code Compliance</u>	<u>Hydrologic Watershed Study</u>	<u>Open Space Management Plan</u>	<u>Urban Design Study</u>
Total Project Authorization	\$ <u>25,000</u>	\$ <u>30,000</u>	\$ <u>275,000</u>	\$ <u>25,000</u>	\$ <u>50,000</u>	\$ <u>-</u>
Revenues:						
State and federal grants	\$	\$	\$	\$	\$	\$
Other						
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>9,620</u>	<u>39,414</u>		<u>1,000</u>	<u>48,524</u>
Other Financing Sources (Uses):						
Bond proceeds						
Operating transfers in:						
General Fund	25,000	30,000	35,000			
Capital Projects Fund						
Water Pollution Control Authority						
Operating transfers out:						
Capital Projects Fund						
Total other financing sources (uses)	<u>25,000</u>	<u>30,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	25,000	20,380	(4,414)	-	(1,000)	(48,524)
Project/Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>24,892</u>	<u>26,125</u>	<u>19,070</u>	<u>50,000</u>
Project/Fund Balance at End of Year	\$ <u>25,000</u>	\$ <u>20,380</u>	\$ <u>20,478</u>	\$ <u>26,125</u>	\$ <u>18,070</u>	\$ <u>1,476</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>Farmington Center Improvements</u>	<u>Dump Truck Highway</u>	<u>Dump Truck Small</u>	<u>2.5 Ton Roller</u>	<u>Brush Chipper</u>	<u>Building Maintenance Vehicle</u>	<u>Backhoe Loader</u>	<u>Street Sweeper</u>
Total Project Authorization	\$ <u> </u>	\$ <u>1,135,000</u>	\$ <u>379,000</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	<u>250,000</u>
Revenues:								
State and federal grants	\$ 279,275	\$	\$	\$	\$	\$	\$	\$
Other	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total revenues	<u>279,275</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Project Expenditures	<u>279,275</u>	<u>180,348</u>	<u> -</u>	<u>35,096</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u>264,890</u>
Other Financing Sources (Uses):								
Bond proceeds								
Operating transfers in:								
General Fund		185,000						250,000
Capital Projects Fund								19,413
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund		<u>(2,538)</u>	<u>(5,588)</u>	<u> -</u>	<u>(1,433)</u>	<u>(5,841)</u>	<u>(3,397)</u>	<u> -</u>
Total other financing sources (uses)	<u> -</u>	<u>182,462</u>	<u>(5,588)</u>	<u> -</u>	<u>(1,433)</u>	<u>(5,841)</u>	<u>(3,397)</u>	<u>269,413</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	2,114	(5,588)	(35,096)	(1,433)	(5,841)	(3,397)	4,523
Project/Fund Balance at Beginning of Year	<u> -</u>	<u>2,538</u>	<u>5,588</u>	<u>40,000</u>	<u>1,433</u>	<u>5,841</u>	<u>3,397</u>	<u> -</u>
Project/Fund Balance at End of Year	\$ <u> -</u>	\$ <u>4,652</u>	\$ <u> -</u>	\$ <u>4,904</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	<u>4,523</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	<u>Rotary Mower</u>	<u>Rotary Mower Golf</u>	<u>Golf Course Equipment</u>	<u>Rolling Stock</u>	<u>Fire Marshal Vehicle</u>	<u>Turnout Gear</u>	<u>SCBA System</u>	<u>Hose Replacement</u>
Total Project Authorization	\$ 300,000	\$ 50,000	\$ 40,000	\$ 251,760	\$ -	\$ 345,000	\$ 375,000	\$ 50,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other				81,941				
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>13,400</u>	<u>39,989</u>	<u>31,801</u>		<u>38,505</u>	<u>145,889</u>	<u>17,298</u>
Other Financing Sources (Uses):								
Bond proceeds								
Operating transfers in:								
General Fund			40,000	43,000		45,000	135,000	
Capital Projects Fund				73,141				
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund	<u>(10,179)</u>	<u>(2,515)</u>			<u>(25,000)</u>			
Total other financing sources (uses)	<u>(10,179)</u>	<u>(2,515)</u>	<u>40,000</u>	<u>116,141</u>	<u>(25,000)</u>	<u>45,000</u>	<u>135,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(10,179)	(15,915)	11	166,281	(25,000)	6,495	(10,889)	(17,298)
Project/Fund Balance at Beginning of Year	<u>10,179</u>	<u>18,142</u>	<u>-</u>	<u>(108,141)</u>	<u>25,000</u>	<u>27,705</u>	<u>23,564</u>	<u>23,391</u>
Project/Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 2,227</u>	<u>\$ 11</u>	<u>\$ 58,140</u>	<u>\$ -</u>	<u>\$ 34,200</u>	<u>\$ 12,675</u>	<u>\$ 6,093</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	Engine Pumpers	Live Burn Facility	Fire Station Study	Fire Technology IMPS	Plant Equipment Replacement	Plant Odor Abatement	Plant Upgrade Design	Plant Upgrade Construction
Total Project Authorization	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 650,000	\$ 3,044,197	\$ 57,240,000
Revenues:								
State and federal grants	\$	\$ 150,000	\$	\$	\$	\$	\$	\$ 7,563,832
Other		23,958						112,991
Total revenues	-	173,958	-	-	-	-	-	7,676,823
Project Expenditures	1,095,235	461,529	14,886		8,973		9,989	25,641,378
Other Financing Sources (Uses):								
Bond proceeds	850,000							
Operating transfers in:								
General Fund			25,000					
Capital Projects Fund								
Water Pollution Control Authority					25,000			600,000
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	850,000	-	25,000	-	25,000	-	-	600,000
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(245,235)	(287,571)	10,114	-	16,027	-	(9,989)	(17,364,555)
Project/Fund Balance at Beginning of Year	249,610	85,122	166	18,716	116,325	48,582	404,661	(4,620,684)
Project/Fund Balance at End of Year	\$ 4,375	\$ (202,449)	\$ 10,280	\$ 18,716	\$ 132,352	\$ 48,582	\$ 394,672	\$ (21,985,239)

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
 CAPITAL PROJECTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROJECT/FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT A-1

	Upgrade Sewer Lines	Route 4 Sewer Line Replacements	Pump Station Improvements	Phosphorous Reduction	WPCA Rolling Stock	Loss Reserve	Total
Total Project Authorization	\$ 2,719,197	\$ -	\$ 700,000	\$ -	\$ 145,000	\$ -	\$ 115,207,403
Revenues:							
State and federal grants	\$	\$ 364,098	\$	\$	\$	\$	\$ 12,321,150
Other						891,386	1,140,835
Total revenues	-	364,098	-	-	-	891,386	13,461,985
Project Expenditures	36,995	284,014	65,103		56,676	2,042,449	40,503,362
Other Financing Sources (Uses):							
Bond proceeds							5,500,000
Operating transfers in:							
General Fund							3,318,591
Capital Projects Fund							100,091
Water Pollution Control Authority	125,000		175,000		75,000		1,000,000
Operating transfers out:							
Capital Projects Fund							(100,091)
Total other financing sources (uses)	125,000	-	175,000	-	75,000	-	9,818,591
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	88,005	80,084	109,897	-	18,324	(1,151,063)	(17,222,786)
Project/Fund Balance at Beginning of Year	467,549	(221,087)	535,829	71,731	141,903		(575,027)
Project/Fund Balance at End of Year	\$ 555,554	\$ (141,003)	\$ 645,726	\$ 71,731	\$ 160,227	\$ (1,151,063)	\$ (17,797,813)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of special revenue sources (except for major capital projects and trust funds) that are legally restricted to expenditure for specific purposes. The Town's special revenue funds are:

Cafeteria - To account for the food service operations of the public school system.

Special Projects Education - To account for federal and state education grants and other special projects.

Farmington Festival - To account for donations and expenditures related to the annual Farmington Festival.

Open Space Rental - To account for revenues and expenditures related to Town land designated as open space.

Adult Education - To account for educational programs for adults of the Town.

Veterans' Memorial - To account for the donations received for the building and maintenance of a veterans' memorial.

Drug Enforcement - To account for drug enforcement forfeiture monies received from the federal and state governments.

School Aged Child Care - To account for a childcare program operated by the Board of Education.

Community Development - To account for receipts and expenditures related to a residential housing improvement program.

Recreation - To account for various recreational, cultural and social programs.

Noah Wallace - To account for a bequest made to the Town by a former resident of Farmington.

FLIS Scholarship - To account for a scholarship fund in honor of a former town manager.

Donation - To account for the receipt and use of donations received by the Department of Community and Recreational Services.

Municipal Grants - To account for the receipt and use of grants received from the federal and state governments.

Small Cities - To account for grants used to offer low interest loans to eligible homeowners to make improvements to their homes.

Water Pollution Control Authority - To account for sewer assessments, user charges and sewer plan operations. The fund's major source of revenue comes from assessments and user charges.

DEBT SERVICE FUNDS

Debt Service funds are used to account for money that will be used to pay the interest and principal of long-term debts.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to pay principal and interest.

TOWN OF FARMINGTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

EXHIBIT B-1

	Special Revenue								
	Cafeteria Fund	Special Projects Education Fund	Farmington Festival Fund	Open Space Rental Fund	Adult Education Fund	Veterans' Memorial Fund	Drug Enforcement Fund	School Aged Child Care Fund	Community Development Fund
ASSETS									
Cash and cash equivalents	\$ 105,912	\$	\$ 35,984	\$ 186,999	\$ 290,596	\$ 16,038	\$ 49,111	\$ 1,147,457	\$ 106,164
Investments									
Receivables:									
Accounts	47,114	17,180			5,122			115,554	80,670
Assessments									
Intergovernmental	51,562	6,093							
Due from other funds				3,835					
Inventories	17,916								
Prepaid assets					6,257				
Total Assets	\$ 222,504	\$ 23,273	\$ 35,984	\$ 190,834	\$ 301,975	\$ 16,038	\$ 49,111	\$ 1,263,011	\$ 186,834
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds	33,077	199,102			28,372			271,298	
Unearned revenue	50,053	34,325			177,018		7,878	31,866	
Total liabilities	83,130	233,427	-	-	205,390	-	7,878	303,164	-
Deferred Inflows of Resources:									
Unavailable revenue - special assessments									
Unavailable revenue - sewer use									
Unavailable revenue - loans receivable									80,670
Total deferred inflows of resources	-	-	-	-	-	-	-	-	80,670
Fund Balances:									
Nonspendable	17,916				6,257				
Restricted							41,233		106,164
Committed	121,458		35,984	190,834	90,328	16,038		959,847	
Unassigned		(210,154)							
Total fund balances	139,374	(210,154)	35,984	190,834	96,585	16,038	41,233	959,847	106,164
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 222,504	\$ 23,273	\$ 35,984	\$ 190,834	\$ 301,975	\$ 16,038	\$ 49,111	\$ 1,263,011	\$ 186,834

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TOWN OF FARMINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

EXHIBIT B-1

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Recreation Fund	Noah Wallace Fund	FLIS Scholarship Fund	Donation Fund	Municipal Grants	Small Cities	Water Pollution Control Authority	
ASSETS								
Cash and cash equivalents	\$ 138,449	\$ 42,900	\$ 4,269	\$	\$	\$ 1,272	\$ 263,714	\$ 2,388,865
Investments		1,219,888						1,219,888
Receivables:								
Accounts					98,340	172,992	11,488	548,460
Assessments							2,634	2,634
Intergovernmental					14,368			72,023
Due from other funds				82,486	349,292		1,837,926	4,149,275
Inventories								17,916
Prepaid assets								6,257
Total Assets	\$ 138,449	\$ 1,262,788	\$ 4,269	\$ 82,486	\$ 462,000	\$ 174,264	\$ 2,115,762	\$ 8,405,318
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 36,884	\$ 227	\$	\$ 12,304	\$ 21,318	\$	\$ 136,037	\$ 206,770
Due to other funds	44,738	6,555						583,142
Unearned revenue					98,340		410,896	1,647,856
Total liabilities	<u>81,622</u>	<u>6,782</u>	<u>-</u>	<u>12,304</u>	<u>119,658</u>	<u>-</u>	<u>546,933</u>	<u>2,437,768</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments							11,488	11,488
Unavailable revenue - sewer use							13,072	13,072
Unavailable revenue - loans receivable						172,992		253,662
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,992</u>	<u>24,560</u>	<u>278,222</u>
Fund Balances:								
Nonspendable								24,173
Restricted		1,256,006	4,269	70,182	342,342	1,272		1,821,468
Committed	56,827						1,544,269	4,053,841
Unassigned								(210,154)
Total fund balances	<u>56,827</u>	<u>1,256,006</u>	<u>4,269</u>	<u>70,182</u>	<u>342,342</u>	<u>1,272</u>	<u>1,544,269</u>	<u>5,689,328</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 138,449	\$ 1,262,788	\$ 4,269	\$ 82,486	\$ 462,000	\$ 174,264	\$ 2,115,762	\$ 8,405,318

**TOWN OF FARMINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT B-2

	Special Revenue								
	Cafeteria Fund	Special Projects Education Fund	Farmington Festival Fund	Open Space Rental Fund	Adult Education Fund	Veterans' Memorial Fund	Drug Enforcement Fund	School Aged Child Care Fund	Community Development Fund
Revenues:									
Federal and state grants	\$ 365,492	\$ 2,546,342	\$	\$	\$	\$	\$	\$	\$
Charges for current services	1,102,100			37,902	631,997			2,061,013	
Sewer assessments									
Licenses and permits									
Net investment income	64		79	845		36	104		646
Other		1,365,792							
Total revenues	<u>1,467,656</u>	<u>3,912,134</u>	<u>79</u>	<u>38,747</u>	<u>631,997</u>	<u>36</u>	<u>104</u>	<u>2,061,013</u>	<u>646</u>
Expenditures:									
Education	1,391,048	3,875,654			626,434			1,894,778	
Culture and recreation						495			
Plant operations									
Other				4,859					
Debt Service									
Total expenditures	<u>1,391,048</u>	<u>3,875,654</u>	<u>-</u>	<u>4,859</u>	<u>626,434</u>	<u>495</u>	<u>-</u>	<u>1,894,778</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>76,608</u>	<u>36,480</u>	<u>79</u>	<u>33,888</u>	<u>5,563</u>	<u>(459)</u>	<u>104</u>	<u>166,235</u>	<u>646</u>
Other Financing Sources (Uses):									
Premium on Bond Anticipation Notes									
Transfer In									
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	76,608	36,480	79	33,888	5,563	(459)	104	166,235	646
Fund Balances at Beginning of Year	<u>62,766</u>	<u>(246,634)</u>	<u>35,905</u>	<u>156,946</u>	<u>91,022</u>	<u>16,497</u>	<u>41,129</u>	<u>793,612</u>	<u>105,518</u>
Fund Balances at End of Year	<u>\$ 139,374</u>	<u>\$ (210,154)</u>	<u>\$ 35,984</u>	<u>\$ 190,834</u>	<u>\$ 96,585</u>	<u>\$ 16,038</u>	<u>\$ 41,233</u>	<u>\$ 959,847</u>	<u>\$ 106,164</u>

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**TOWN OF FARMINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT B-2

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Recreation Fund	Noah Wallace Fund	FLIS Scholarship Fund	Donation Fund	Municipal Grants	Small Cities	Water Pollution Control Authority	
Revenues:								
Federal and state grants	\$	\$	\$	\$	135,551	\$	\$	\$ 3,047,385
Charges for current services	671,434					4,912,335		9,416,781
Sewer assessments						64,444		64,444
Licenses and permits						16,373		16,373
Net investment income	315	160,486	10			1,605	8	164,198
Other				47,025	1,112,205	3,035		2,528,057
Total revenues	<u>671,749</u>	<u>160,486</u>	<u>10</u>	<u>47,025</u>	<u>1,247,756</u>	<u>8</u>	<u>-</u>	<u>15,237,238</u>
Expenditures:								
Education		30,270	499					7,818,683
Culture and recreation	638,874							639,369
Plant operations						3,072,276		3,072,276
Other				48,774	1,008,712			1,062,345
Debt Service						161,434	1,083,021	1,244,455
Total expenditures	<u>638,874</u>	<u>30,270</u>	<u>499</u>	<u>48,774</u>	<u>1,008,712</u>	<u>-</u>	<u>1,083,021</u>	<u>13,837,128</u>
Excess (Deficiency) of Revenues over Expenditures	<u>32,875</u>	<u>130,216</u>	<u>(489)</u>	<u>(1,749)</u>	<u>239,044</u>	<u>8</u>	<u>(1,083,021)</u>	<u>1,400,110</u>
Other Financing Sources (Uses):								
Premium on Bond Anticipation Notes							1,065,231	1,065,231
Transfer In							830,000	830,000
Transfers out						(1,000,000)		(1,000,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,895,231</u>	<u>895,231</u>
Net Changes in Fund Balances	32,875	130,216	(489)	(1,749)	239,044	8	764,082	812,210
Fund Balances at Beginning of Year	<u>23,952</u>	<u>1,125,790</u>	<u>4,758</u>	<u>71,931</u>	<u>103,298</u>	<u>1,264</u>	<u>780,187</u>	<u>226,046</u>
Fund Balances at End of Year	<u>\$ 56,827</u>	<u>\$ 1,256,006</u>	<u>\$ 4,269</u>	<u>\$ 70,182</u>	<u>\$ 342,342</u>	<u>\$ 1,272</u>	<u>\$ 1,544,269</u>	<u>\$ 1,038,256</u>
								<u>\$ 5,689,328</u>

**TOWN OF FARMINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER POLLUTION CONTROL AUTHORITY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Program revenues	\$ 4,277,050	\$ 4,277,050	\$ 4,997,792	\$ 720,742
Expenditures:				
Program expenditures	<u>3,277,050</u>	<u>3,277,050</u>	<u>3,233,710</u>	<u>43,340</u>
Excess of Revenues over Expenditures	1,000,000	1,000,000	1,764,082	764,082
Other Financing Uses:				
Operating transfers out:				
Capital Projects Fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	764,082	\$ <u>764,082</u>
Fund Balance at Beginning of Year			<u>780,187</u>	
Fund Balance at End of Year			\$ <u>1,544,269</u>	

FIDUCIARY FUND TYPES

Fiduciary fund types are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or others. The Town's fiduciary funds are:

AGENCY FUNDS:

Student Activities - To account for various student activities and clubs.

Contractor's Deposit - To account for deposits from contractors and developers, which are held by the Town as surety for satisfactory completion of construction and development projects.

**TOWN OF FARMINGTON, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 698,642	\$ 1,621,084	\$ 1,586,250	\$ 733,476
Investments	<u>287,782</u>	<u>2,797</u>		<u>290,579</u>
Total Assets	<u>\$ 986,424</u>	<u>\$ 1,623,881</u>	<u>\$ 1,586,250</u>	<u>\$ 1,024,055</u>
Liabilities:				
Fiduciary deposits	<u>\$ 986,424</u>	<u>\$ 1,623,881</u>	<u>\$ 1,586,250</u>	<u>\$ 1,024,055</u>
Contractor's Deposit:				
Assets:				
Cash and cash equivalents	<u>\$ 769,571</u>	<u>\$ 543,994</u>	<u>\$ 585,768</u>	<u>\$ 727,797</u>
Liabilities:				
Fiduciary deposits	<u>\$ 769,571</u>	<u>\$ 543,994</u>	<u>\$ 585,768</u>	<u>\$ 727,797</u>
Total:				
Assets:				
Cash and cash equivalents	\$ 1,468,213	\$ 2,165,078	\$ 2,172,018	\$ 1,461,273
Investments	<u>287,782</u>	<u>2,797</u>		<u>290,579</u>
Total Assets	<u>\$ 1,755,995</u>	<u>\$ 2,167,875</u>	<u>\$ 2,172,018</u>	<u>\$ 1,751,852</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,755,995</u>	<u>\$ 2,167,875</u>	<u>\$ 2,172,018</u>	<u>\$ 1,751,852</u>

**SUPPLEMENTAL
SCHEDULES**

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2017**

Date of Issuance/Description	Interest Rate	Fiscal Year of Maturity	Original Amount	Outstanding	Current Year Transactions		Outstanding
				July 1, 2016	Issued	Retired	June 30, 2017
2009 Series A Refunding Bond School							
2017	3.46%	2017	\$ 1,166,300	\$ 1,166,300	\$	\$ 1,166,300	\$ -
2018	5.00%	2018	1,162,400	1,162,400			1,162,400
2019	4.00%	2019	1,158,500	1,158,500			1,158,500
2020	5.00%	2020	1,154,600	1,154,600			1,154,600
2021-2022	4.00%	2021-2022	2,289,600	2,289,600			2,289,600
2011 School Bond Refunding							
2017	2.00%	2017	295,200	295,200		295,200	-
2018-2022	4.00%	2018-2022	1,449,500	1,449,500			1,449,500
2023	3.13%	2023	268,300	268,300			268,300
2012 School Bond Refunding							
2019-2022	4.00%	2019-2022	20,600	20,600			20,600
2024	2.50%	2024	271,900	271,900			271,900
2025	2.75%	2025	266,700	266,700			266,700
2026	3.00%	2026	261,500	261,500			261,500
2015 School Bond Issue							
2017-2022	4.00%	2016-2022	840,000	720,000		120,000	600,000
2023-2025	2.00%	2023-2025	360,000	360,000			360,000
2026	2.25%	2026	120,000	120,000			120,000
2027	2.38%	2027	120,000	120,000			120,000
2028-2030	3.00%	2028-2030	360,000	360,000			360,000
2015 School Bond Refunding							
2017-2018	3.00%	2017-2018	651,000	651,000		318,000	333,000
2019-2021	5.00%	2019-2021	860,000	860,000			860,000
2015 School Bond Issue Series B							
2017	2.00%	2017	15,000	15,000		15,000	-
2018	3.00%	2018	15,000	15,000			15,000
2019-2020	4.00%	2019-2020	30,000	30,000			30,000
2021-2026	2.00%	2021-2026	90,000	90,000			90,000
2027	2.13%	2027	15,000	15,000			15,000
2028	2.25%	2028	15,000	15,000			15,000
2029	2.38%	2029	15,000	15,000			15,000
2030	2.50%	2030	15,000	15,000			15,000
2031	2.63%	2031	15,000	15,000			15,000
2016 School Bond Issue							
2018-2024	4.00%	2018-2024	900,000		900,000		900,000
2025-2030	2.00%	2025-2030	750,000		750,000		750,000
2031	2.13%	2031	250,000		125,000		125,000
2032	2.25%	2032	125,000		125,000		125,000
			<u>\$ 15,326,100</u>	<u>\$ 13,181,100</u>	<u>\$ 1,900,000</u>	<u>\$ 1,914,500</u>	<u>\$ 13,166,600</u>
<u>SEWER BONDS</u>							
2011 Sewer Bond Refunding							
2017	2.00%	2017	121,500	121,500	\$	\$ 121,500	\$ -
2018-2022	4.00%	2018-2022	596,500	596,500			596,500
2023	3.13%	2023	118,500	118,500			118,500
2012 Sewer Bond Refunding							
2019-2022	4.00%	2019-2022	9,000	9,000			9,000
2024	2.50%	2024	118,500	118,500			118,500
2025	2.75%	2025	116,300	116,300			116,300
2026	3.00%	2026	114,000	114,000			114,000
			<u>\$ 1,194,300</u>	<u>\$ 1,194,300</u>	<u>\$ -</u>	<u>\$ 121,500</u>	<u>\$ 1,072,800</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

Date of Issuance/Description	Interest Rate	Fiscal Year of Maturity	Original Amount	Outstanding July 1, 2016	Current Year Transactions		Outstanding June 30, 2017
					Issued	Retired	
OTHER BONDS							
2009 Series A Refunding Bonds General Purpose							
2017	3.46%	2017	\$ 323,700	\$ 323,700	\$	\$ 323,700	\$ -
2018	5.00%	2018	322,600	322,600			322,600
2019	4.00%	2019	321,500	321,500			321,500
2020	5.00%	2020	320,400	320,400			320,400
2021-2022	4.00%	2021-2022	635,400	635,400			635,400
2011 General Purpose Bond Refunding							
2017	2.00%	2017	633,300	633,300		633,300	-
2018-2022	4.00%	2018-2022	3,124,000	3,124,000			3,124,000
2023	3.13%	2023	613,200	613,200			613,200
2024	3.25%	2024	210,000	210,000			210,000
2025	3.50%	2025	210,000	210,000			210,000
2026	3.63%	2026	210,000	210,000			210,000
2012 General Obligation Bond Refunding							
2019-2023	4.00%	2019-2023	2,065,400	2,065,400			2,065,400
2024	2.50%	2024	399,600	399,600			399,600
2025	2.75%	2025	392,000	392,000			392,000
2026	3.00%	2026	384,500	384,500			384,500
2013 General Obligation Bond Refunding							
2016-2018	3.00%	2016-2018	1,625,000	1,080,000		540,000	540,000
2019-2020	2.00%	2019-2020	235,000	235,000			235,000
2024-2026	2.00%	2024-2026	1,290,000	1,290,000			1,290,000
2027	2.25%	2027	410,000	410,000			410,000
2028	2.00%	2028	405,000	405,000			405,000
2015 General Obligation Bond							
2016-2022	4.00%	2016-2022	1,075,000	920,000		155,000	765,000
2023-2025	2.00%	2023-2025	450,000	450,000			450,000
2026	2.25%	2026	150,000	150,000			150,000
2027	2.38%	2027	150,000	150,000			150,000
2028-2030	3.00%	2028-2030	450,000	450,000			450,000
2015 General Obligation Bond Refunding							
2017-2018	3.00%	2017-2018	1,654,000	1,654,000		812,000	842,000
2019-2021	5.00%	2019-2021	2,215,000	2,215,000			2,215,000
2015 General Purpose Bonds Series B							
2017	2.00%	2017	125,000	125,000		125,000	-
2018	3.00%	2018	125,000	125,000			125,000
2019-2020	4.00%	2019-2020	250,000	250,000			250,000
2021-2026	2.00%	2021-2026	750,000	750,000			750,000
2027	2.13%	2027	125,000	125,000			125,000
2028	2.25%	2028	125,000	125,000			125,000
2029	2.38%	2029	125,000	125,000			125,000
2030	2.50%	2030	125,000	125,000			125,000
2031	2.63%	2031	125,000	125,000			125,000
2016 General Obligation Bond							
2018-2024	4.00%	2018-2024	1,710,000		1,710,000		1,710,000
2025-2030	2.00%	2025-2030	1,430,000		1,430,000		1,430,000
2031	2.13%	2031	230,000		230,000		230,000
2032	2.25%	2032	230,000		230,000		230,000
			<u>\$ 25,749,600</u>	<u>\$ 21,449,600</u>	<u>\$ 3,600,000</u>	<u>\$ 2,589,000</u>	<u>\$ 22,460,600</u>
Total Bonds Payable				<u>\$ 35,825,000</u>	<u>\$ 5,500,000</u>	<u>\$ 4,625,000</u>	<u>\$ 36,700,000</u>

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List of October 1,	Mill Rate	Uncollected Taxes July 1, 2016	Adjustments and Transfers				Adjusted Taxes Collectible	Collections				Tax Refunds	Uncollected Taxes June 30, 2017
			Assessors Certificates of Correction and Other		Transfers to Suspense Tax Book	Net Additions (Deductions)		Taxes	Interest	Lien Fees	Total		
			Additions	Deductions									
2015	25.78	\$ 92,610,159	\$ 271,918	\$ (393,077)	\$ 10,266	\$ (110,893)	\$ 92,478,734	\$ 92,377,745	\$ 134,093	\$ 11,994	\$ 92,523,832	\$ 171,370	\$ 272,359
2014	25.10	215,435	25,989	(53,868)	9,208	(18,671)	178,348	97,785	22,718	2,812	123,315	20,888	101,451
2013	24.44	105,947	10,469	(9,883)	8,391	8,977	98,142	45,895	13,126	1,718	60,739	731	52,978
2012	24.07	56,266		714	16,205	16,919	40,775	10,973	6,197	933	18,103		29,802
2011	21.90	26,176		83	7,060	7,143	19,199	848	772	200	1,820		18,351
2010	21.27	6,444		437	1,895	2,332	4,986	536	542	109	1,187		4,450
2009	20.46	769		628	360	988	1,037	855	788	209	1,852		182
2008	19.76	1,235		371	397	768	1,209	371	490	123	984		838
2007	19.47	1,133		173	527	700	779	173	263	72	508		606
2006	25.95	746		278		278	1,024	278	488	115	881		746
2005	25.24	617		242		242	859	242	572	109	923		617
2004	24.27	700		302		302	1,002	302	637	147	1,086		700
2003	23.30	672		196		196	868	196	431	97	724		672
2002	21.90	471		268		268	739	268	753	6	1,027		471
2001	26.50	256		998		998	1,254	996	2,659	12	3,667		258
2000	25.00	229		245		229	474	245	657	6	908		-
		<u>\$ 93,027,255</u>	<u>\$ 308,376</u>	<u>\$ (451,893)</u>	<u>\$ 54,538</u>	<u>\$ (88,979)</u>	<u>\$ 92,829,200</u>	<u>\$ 92,537,708</u>	<u>\$ 185,186</u>	<u>\$ 18,662</u>	<u>\$ 92,741,556</u>	<u>\$ 192,989</u>	<u>\$ 484,481</u>

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2017**

Total tax collections (including interest and lien fees received) for the year ended June 30, 2017	\$ 92,548,567
Reimbursement for revenue loss on: Tax relief for elderly	<u>128,656</u>
Base	<u>\$ 92,677,223</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 208,523,752	\$	\$	\$	\$
4-1/2 times base		417,047,504			
3-3/4 times base			347,539,586		
3-1/4 times base				301,200,975	
3 times base					278,031,669
Total debt limitation	<u>208,523,752</u>	<u>417,047,504</u>	<u>347,539,586</u>	<u>301,200,975</u>	<u>278,031,669</u>
Indebtedness:					
Outstanding debt:					
Bonds payable	22,460,600	13,166,600	1,072,800		
Bond Anticipation Notes			42,000,000		
Debt authorized and unissued	<u>6,703,051</u>	<u>218,719</u>	<u>16,826,014</u>		
Total indebtedness for purpose of debt limitation calculation	<u>29,163,651</u>	<u>13,385,319</u>	<u>59,898,814</u>	-	-
Debt Limitation in Excess of Indebtedness	<u>\$ 179,360,101</u>	<u>\$ 403,662,185</u>	<u>\$ 287,640,772</u>	<u>\$ 301,200,975</u>	<u>\$ 278,031,669</u>

In no case shall total indebtedness exceed \$648,740,561 (seven times the annual base for debt limitation computations).

**TOWN OF FARMINGTON, CONNECTICUT
SPECIAL REVENUE FUND
WATER POLLUTION CONTROL AUTHORITY FUND
SCHEDULE OF SEWER ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017**

Project	Assessments Collectible July 1, 2016	Current Year Additions	Current Year Deductions	Collections			Assessments Collectible June 30, 2017
				Principal	Interest	Total	
CC	\$	\$ 35,540	\$	\$ 35,540	\$	\$ 35,540	\$ -
NN	3,730	47,036		48,145	1,022	49,167	2,621
BBB	2,182			2,182	131	2,313	-
DDD	906			906	55	961	-
QQQ	13					-	13
	<u>\$ 6,831</u>	<u>\$ 82,576</u>	<u>\$ -</u>	<u>\$ 86,773</u>	<u>\$ 1,208</u>	<u>\$ 87,981</u>	<u>\$ 2,634</u>

STATISTICAL SECTION INFORMATION

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**TOWN OF FARMINGTON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 60,678,758	\$ 66,566,819	\$ 70,786,142	\$ 70,918,707	\$ 74,181,528	\$ 82,048,851	\$ 87,902,192	\$ 92,204,158	\$ 100,438,073	\$ 125,419,345
Unrestricted	16,512,931	16,090,463	13,980,396	17,509,749	17,958,223	15,398,607	12,699,697	(8,471,264)	(15,558,559)	(26,410,811)
Total governmental activities net position	<u>77,191,689</u>	<u>82,657,282</u>	<u>84,766,538</u>	<u>88,428,456</u>	<u>92,139,751</u>	<u>97,447,458</u>	<u>100,601,889</u>	<u>83,732,894</u>	<u>84,879,514</u>	<u>99,008,534</u>
Business-Type Activities:										
Net investment in capital assets	1,193,904	1,215,364	1,219,346	1,217,095	1,323,369	1,325,594	1,372,108	1,397,477	1,504,606	1,429,378
Unrestricted	(237,201)	(330,341)	(369,886)	(495,592)	(536,591)	(509,680)	(363,930)	(359,078)	(240,002)	(13,342)
Total business-type activities net position	<u>956,703</u>	<u>885,023</u>	<u>849,460</u>	<u>721,503</u>	<u>786,778</u>	<u>815,914</u>	<u>1,008,178</u>	<u>1,038,399</u>	<u>1,264,604</u>	<u>1,416,036</u>
Total:										
Net investment in capital assets	61,872,662	67,782,183	72,005,488	72,135,802	75,504,897	83,374,445	89,274,300	93,601,635	101,942,679	126,848,723
Unrestricted	16,275,730	15,760,122	13,610,510	17,014,157	17,421,632	14,888,927	12,335,767	(8,830,342)	(15,798,561)	(26,424,153)
Total Net Position	<u>\$ 78,148,392</u>	<u>\$ 83,542,305</u>	<u>\$ 85,615,998</u>	<u>\$ 89,149,959</u>	<u>\$ 92,926,529</u>	<u>\$ 98,263,372</u>	<u>\$ 101,610,067</u>	<u>\$ 84,771,293</u>	<u>\$ 86,144,118</u>	<u>\$ 100,424,570</u>

**TOWN OF FARMINGTON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Education	\$ 76,033,311	\$ 60,697,140	\$ 63,021,971	\$ 64,652,411	\$ 68,814,931	\$ 70,418,332	\$ 73,274,762	\$ 73,623,378	\$ 78,152,327	\$ 84,917,315
Public safety	10,709,514	11,892,238	11,700,832	11,260,073	12,514,185	11,862,365	13,319,434	14,877,800	15,555,472	15,437,878
Public works	7,776,218	7,593,395	7,270,315	8,109,725	8,524,648	7,384,025	8,044,343	8,476,511	9,123,730	8,304,989
Culture and recreation	1,076,083	1,826,626	2,732,501	2,123,408	2,127,313	1,783,833	2,018,087	2,163,703	2,217,159	2,011,630
Special services	1,239,733	1,342,513								
Human services	2,400	15,495	20,764	24,935	21,298					
General administration	7,506,490	6,968,782	7,604,911	6,887,454	7,858,753	7,888,970	9,415,184	9,778,229	10,542,768	11,103,166
Plant operations	3,991,935	3,788,840	3,997,886	4,213,197	4,614,668	3,935,919	3,835,971	4,810,134	5,733,834	5,277,331
Debt service	2,847,221	2,742,670	2,435,367	2,143,185	1,967,106	1,747,126	1,906,930	843,849	1,129,993	2,243,688
Total governmental activities	<u>111,182,905</u>	<u>96,867,699</u>	<u>98,784,547</u>	<u>99,414,388</u>	<u>106,442,902</u>	<u>105,020,570</u>	<u>111,814,711</u>	<u>114,573,604</u>	<u>122,455,283</u>	<u>129,295,997</u>
Business-type activities:										
Waste Collection Fund			1,411,865	1,490,559	700,108	664,729	644,009	687,521	639,196	273,387
Westwoods Fund	722,187	754,882	767,564	741,680	1,537,224	1,555,485	1,512,107	1,577,806	1,516,563	1,517,430
Total business-type activities	<u>722,187</u>	<u>754,882</u>	<u>2,179,429</u>	<u>2,232,239</u>	<u>2,237,332</u>	<u>2,220,214</u>	<u>2,156,116</u>	<u>2,265,327</u>	<u>2,155,759</u>	<u>1,790,817</u>
Total Expenses	\$ <u>111,905,092</u>	\$ <u>97,622,581</u>	\$ <u>99,552,111</u>	\$ <u>101,646,627</u>	\$ <u>108,680,234</u>	\$ <u>107,240,784</u>	\$ <u>113,970,827</u>	\$ <u>116,838,931</u>	\$ <u>124,611,042</u>	\$ <u>131,086,814</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Education	\$ 3,152,847	\$ 3,132,163	\$ 3,191,193	\$ 3,272,594	\$ 3,262,316	\$ 3,291,208	\$ 3,328,115	\$ 3,508,176	\$ 3,712,275	\$ 3,795,110
Public safety	1,085,864	854,146	942,987	933,015	1,010,762	1,327,935	1,849,660	1,705,228	1,595,096	1,719,203
Public works	3,601,991	3,978,128	4,079,313	3,886,906	3,954,709	4,160,129	4,463,189	4,607,389	4,894,941	5,030,654
Culture and recreation	602,337	491,464	530,320	532,258	571,879	553,716	587,071	626,807	635,081	691,111
Special services	1,367,711	1,417,921	8,883	10,560						
Human services				2,888	2,888					
General administration	1,550,030	1,254,398	1,312,624	1,178,439	1,245,333	1,355,047	1,460,916	1,386,491	1,245,463	1,344,307
Plant operations										
Other										
Debt service										
Operating grants and contributions	24,845,653	9,604,738	9,743,514	10,747,054	13,599,923	12,224,690	13,887,649	13,139,053	14,194,691	18,360,778
Capital grants and contributions	2,047,483	5,682,481	3,588,534	2,309,334	3,145,481	806,419	1,635,327	2,273,299	3,943,121	13,679,009
Total governmental activities program revenues	<u>38,253,916</u>	<u>26,415,439</u>	<u>23,397,368</u>	<u>22,873,048</u>	<u>26,793,291</u>	<u>23,719,144</u>	<u>27,211,927</u>	<u>27,246,443</u>	<u>30,220,668</u>	<u>44,620,172</u>
Business-type activities:										
Charges for services	738,935	626,946	2,122,877	2,076,083	2,253,550	2,238,626	2,261,629	2,239,838	2,265,758	2,235,367
Capital grants and contributions		27,201	687,521	2,265,327	2,239,838				67,257	13,400
Total Program Revenues	\$ <u>38,992,851</u>	\$ <u>27,042,385</u>	\$ <u>26,207,766</u>	\$ <u>27,214,458</u>	\$ <u>31,286,679</u>	\$ <u>25,957,770</u>	\$ <u>29,473,556</u>	\$ <u>29,486,281</u>	\$ <u>32,553,683</u>	\$ <u>46,868,939</u>
Net Expense:										
Governmental activities	\$ (72,928,989)	\$ (70,452,260)	\$ (75,387,179)	\$ (76,541,340)	\$ (79,649,611)	\$ (81,301,426)	\$ (84,602,784)	\$ (87,327,161)	\$ (92,234,615)	\$ (84,675,825)
Business-type activities	16,748	(100,735)	630,969	2,109,171	2,256,056	18,412	105,513	(25,489)	177,256	457,950
Total Net Expense	\$ <u>(72,912,241)</u>	\$ <u>(70,552,995)</u>	\$ <u>(74,756,210)</u>	\$ <u>(74,432,169)</u>	\$ <u>(77,393,555)</u>	\$ <u>(81,283,014)</u>	\$ <u>(84,497,271)</u>	\$ <u>(87,352,650)</u>	\$ <u>(92,057,359)</u>	\$ <u>(84,217,875)</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 71,144,342	\$ 71,108,035	\$ 73,052,220	\$ 76,149,789	\$ 79,578,060	\$ 82,425,145	\$ 83,659,303	\$ 85,676,586	\$ 89,079,774	\$ 92,630,759
Unrestricted grants and contributions	4,146,675	4,151,117	4,073,474	3,667,528	3,620,301	3,824,257	3,722,109	4,359,360	4,003,821	4,320,293
Investment earnings	1,265,058	450,608	243,739	259,363	80,052	232,993	272,091	111,892	139,833	461,499
Contributions										
Miscellaneous	95,320	208,093	127,002	129,466	82,493	126,738	103,712	270,242	157,807	1,075,294
Transfers										317,000
Total governmental activities	<u>76,651,395</u>	<u>75,917,853</u>	<u>77,496,435</u>	<u>80,206,146</u>	<u>83,360,906</u>	<u>86,609,133</u>	<u>87,757,215</u>	<u>90,418,080</u>	<u>93,381,235</u>	<u>98,804,845</u>
Business-type activities:										
Investment earnings	14,630	9,413	1,477	504	600	1,741	946	1,065	29,845	1,967
Miscellaneous	39,033	19,642	19,512	27,695	48,457	8,983	40,360	31,026	19,104	8,515
Transfers							45,445	23,619		(317,000)
Total business-type activities	<u>53,663</u>	<u>29,055</u>	<u>20,989</u>	<u>28,199</u>	<u>49,057</u>	<u>10,724</u>	<u>86,751</u>	<u>55,710</u>	<u>48,949</u>	<u>(306,518)</u>
Total	<u>\$ 76,705,058</u>	<u>\$ 75,946,908</u>	<u>\$ 77,517,424</u>	<u>\$ 80,234,345</u>	<u>\$ 83,409,963</u>	<u>\$ 86,619,857</u>	<u>\$ 87,843,966</u>	<u>\$ 90,473,790</u>	<u>\$ 93,430,184</u>	<u>\$ 98,498,327</u>
Changes in Net Position:										
Governmental activities	\$ 3,722,406	\$ 5,465,593	\$ 955,095	\$ 556,535	\$ 2,059,480	\$ 2,006,349	\$ 430,054	\$ 3,090,919	\$ 1,146,620	\$ 14,129,020
Business-type activities	<u>70,411</u>	<u>(71,680)</u>	<u>2,130,160</u>	<u>2,284,255</u>	<u>67,469</u>	<u>116,237</u>	<u>61,262</u>	<u>30,221</u>	<u>226,205</u>	<u>151,432</u>
Total	<u>\$ 3,792,817</u>	<u>\$ 5,393,913</u>	<u>\$ 3,085,255</u>	<u>\$ 2,840,790</u>	<u>\$ 2,126,949</u>	<u>\$ 2,122,586</u>	<u>\$ 491,316</u>	<u>\$ 3,121,140</u>	<u>\$ 1,372,825</u>	<u>\$ 14,280,452</u>

**TOWN OF FARMINGTON, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 455,676	\$ 493,720	\$ 102,654	\$	\$	\$	\$	\$	\$	\$
Unreserved	8,584,291	7,973,480	7,965,752							
Nonspendable					16,040					
Assigned				748,869	178,623	179,726	122,297	518,355	370,383	595,369
Unassigned				7,388,642	8,063,735	8,917,875	9,551,893	10,343,295	10,904,638	12,047,641
Total General Fund	\$ 9,039,967	\$ 8,467,200	\$ 8,068,406	\$ -	\$ 8,258,398	\$ 9,097,601	\$ 9,674,190	\$ 10,861,650	\$ 11,275,021	\$ 12,643,010
All other governmental funds:										
Reserved	\$ 25,345	\$ 31,247	\$ 31,193	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	3,933,499	4,146,421	4,623,104							
Capital projects funds	2,197,843	2,440,088	2,452,336							
Nonspendable				34,208	53,778	45,508	31,792	28,890	81,343	24,173
Restricted				7,177,624	7,340,054	5,220,574	2,491,794	5,152,463	1,453,668	1,821,468
Committed				2,684,708	2,836,861	1,194,370	1,490,088	2,602,308	2,110,821	4,053,841
Unassigned				(11,859)	(215,277)	(71,481)	(64,271)	(44,973)	(826,892)	(18,007,967)
Total All Other Governmental Funds	\$ 6,156,687	\$ 6,617,756	\$ 7,106,633	\$ 9,884,681	\$ 10,015,416	\$ 6,388,971	\$ 3,949,403	\$ 7,738,688	\$ 2,818,940	\$ (12,108,485)

TOWN OF FARMINGTON, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property taxes, interest and lien fees	\$ 71,041,430	\$ 71,216,753	\$ 73,010,027	\$ 76,077,290	\$ 79,556,089	\$ 82,373,994	\$ 83,594,831	\$ 85,678,697	\$ 89,179,689	\$ 92,566,548
Miscellaneous taxes										
Intergovernmental revenues	30,309,249	14,811,288	14,294,441	15,630,669	18,303,375	15,585,163	16,705,458	18,304,576	20,557,492	33,455,687
Charges for current services	9,948,208	10,189,547	8,987,102	8,800,343	8,972,400	9,245,718	9,533,033	9,983,548	10,215,305	10,750,873
Sewer assessments	4,864	35,289	18,462	16,059	20,407	22,664	51,537	94,021	16,672	64,444
Licenses and permits	1,003,152	561,317	480,171	486,816	581,888	1,007,226	1,260,924	875,946	584,363	666,005
Sale of lunches										
Fines and penalties	22,719	39,419	31,924	41,713	68,958	48,533	37,273	39,952	51,617	45,265
Investment income	1,206,774	440,131	242,257	256,799	78,232	226,868	266,238	105,831	128,377	438,738
Other local revenue	1,766,631	1,473,960	1,708,997	1,750,221	1,755,781	2,008,141	2,995,514	2,978,979	3,259,839	3,671,002
Total revenues	<u>115,303,027</u>	<u>98,767,704</u>	<u>98,773,381</u>	<u>103,059,910</u>	<u>109,337,130</u>	<u>110,518,307</u>	<u>114,444,808</u>	<u>118,061,550</u>	<u>123,993,354</u>	<u>141,658,562</u>
Expenditures:										
Current:										
Board of Education	73,245,357	58,948,132	60,603,300	62,860,458	66,634,890	68,674,090	71,319,322	71,760,806	76,035,500	82,277,885
Public safety	8,237,968	8,317,622	8,287,822	8,466,147	8,812,585	8,906,148	9,039,943	9,477,482	9,598,349	9,629,229
Public works	3,739,734	3,887,998	3,732,214	3,819,074	3,811,767	3,927,011	4,151,439	4,126,010	4,231,247	4,655,983
Culture and recreation	1,312,340	1,350,583	1,247,728	1,727,483	1,658,658	1,468,714	1,470,469	1,458,283	1,482,316	1,432,744
Special services	1,239,583	1,341,388								
Human resources	20,726	15,495	20,764							
Plant operations	2,825,204	2,751,077	2,822,608	2,720,153	2,884,309	2,784,865	2,683,662	2,744,068	3,282,785	3,072,276
General government	5,169,202	5,153,948	5,125,143	5,250,988	5,251,384	5,373,243	5,499,470	5,542,498	5,671,712	5,825,841
Pension and other employee benefits	4,175,626	4,550,117	4,859,597	5,081,050	5,392,810	5,726,404	5,637,952	5,976,301	6,407,090	6,604,788
Contractual services										
Other	318,534	372,445	648,652	653,862	2,784,996	566,851	891,649	915,574	1,287,169	1,062,345
Debt service	9,038,857	9,331,668	9,225,806	9,202,135	8,892,671	8,536,931	7,713,185	6,866,267	6,849,514	7,142,100
Capital outlay	11,965,189	2,977,620	3,507,244	3,882,521	6,772,528	8,101,962	7,900,666	8,959,596	15,807,179	40,397,058
Total expenditures	<u>121,288,320</u>	<u>98,998,093</u>	<u>100,080,878</u>	<u>103,663,871</u>	<u>112,896,598</u>	<u>114,066,219</u>	<u>116,307,787</u>	<u>117,826,885</u>	<u>130,652,861</u>	<u>162,100,249</u>
Deficiency of Revenues over Expenditures	<u>(5,985,293)</u>	<u>(230,389)</u>	<u>(1,307,497)</u>	<u>(603,961)</u>	<u>(3,559,468)</u>	<u>(3,547,912)</u>	<u>(1,862,979)</u>	<u>234,665</u>	<u>(6,659,507)</u>	<u>(20,441,687)</u>
Other Financing Sources (Uses):										
Proceeds from bond issue	8,000,000	13,475,000	17,635,000	3,200,000				4,296,823	2,100,000	6,565,231
Proceeds of refunding bonds		1,181,368		9,096,600	5,364,576	3,670,017		7,983,736	53,150	
Payment to refunded bond escrow agent		(14,537,677)	(16,237,420)	(8,845,486)	(5,274,607)	(3,608,307)		(7,857,850)		
Proceeds from capital lease	392,870				3,705,081	715,000		319,371		
Operating transfers in	3,339,833	2,086,000	1,335,937	2,766,309	1,710,000	4,587,891	4,061,763	4,853,273	5,446,612	5,465,591
Operating transfers out	(3,339,833)	(2,086,000)	(1,335,937)	(2,766,309)	(1,710,000)	(4,587,891)	(4,061,763)	(4,853,273)	(5,446,612)	(5,148,591)
Total other financing sources (uses)	<u>8,392,870</u>	<u>118,691</u>	<u>1,397,580</u>	<u>3,451,114</u>	<u>3,795,050</u>	<u>776,710</u>	<u>-</u>	<u>4,742,080</u>	<u>2,153,150</u>	<u>6,882,231</u>
Net Change in Fund Balances	2,407,577	(111,698)	90,083	2,847,153	235,582	(2,771,202)	(1,862,979)	4,976,745	(4,506,357)	(13,559,456)
Fund Balance at Beginning of Year	<u>12,789,077</u>	<u>15,196,654</u>	<u>15,084,956</u>	<u>15,175,039</u>	<u>18,022,192</u>	<u>18,257,774</u>	<u>15,486,572</u>	<u>13,623,593</u>	<u>18,600,338</u>	<u>14,093,981</u>
Fund Balance at End of Year	<u>\$ 15,196,654</u>	<u>\$ 15,084,956</u>	<u>\$ 15,175,039</u>	<u>\$ 18,022,192</u>	<u>\$ 18,257,774</u>	<u>\$ 15,486,572</u>	<u>\$ 13,623,593</u>	<u>\$ 18,600,338</u>	<u>\$ 14,093,981</u>	<u>\$ 534,525</u>
Debt Service as a Percentage to Noncapital Expenditures	8.13%	9.63%	9.33%	8.88%	7.88%	7.48%	6.63%	5.83%	5.85%	5.78%

TOWN OF FARMINGTON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property		All Land	Motor Vehicles	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assess Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2008	\$ 1,749,858	\$ 580,610	\$ 7,840	\$ 205,367	\$ 209,825	\$ 30,381	\$ 2,723,119	26.0	\$ 5,846,001	46.58%
2009	2,478,576	774,810	11,343	234,639	214,720	37,180	3,676,908	19.5	5,252,725	70.00%
2010	2,502,442	771,483	11,003	217,100	236,431	41,541	3,696,918	19.8	5,677,957	65.11%
2011	2,519,851	784,785	9,322	218,027	241,339	46,141	3,727,183	20.5	5,658,391	65.87%
2012	2,541,816	786,452	9,293	231,438	230,819	46,022	3,753,797	21.3	5,404,257	69.46%
2013	2,554,665	782,958	9,337	249,236	232,723	53,243	3,775,676	21.9	5,575,719	67.72%
2014	2,222,499	845,688	9,027	250,479	231,545	54,735	3,504,503	24.1	5,006,433	70.00%
2015	2,237,271	835,870	9,523	255,999	230,777	40,180	3,529,260	24.4	5,168,806	68.28%
2016	2,250,232	845,752	9,433	260,151	259,798	62,170	3,563,196	25.1	5,126,164	69.51%
2017	2,264,831	841,582	27,469	265,486	272,671	64,608	3,607,431	25.8	5,292,595	68.16%

Source: Assessor's Office, Town of Farmington

Note: Properties in the Town are reassessed once every four years per State statute. The Town assesses all property at approximately 70% of actual value. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

**TOWN OF FARMINGTON, CONNECTICUT
PRINCIPAL TAXPAYERS
JUNE 30, 2017
CURRENT YEAR AND NINE YEARS AGO
(in thousands of dollars)**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
West Farms Associates	\$ 149,259	1	4.10 %	\$ 83,772	1	3.08 %
Dunn-Sager Affiliates	54,827	2	1.50	14,885	9	0.55
United Technologies	43,420	3	1.20	34,741	2	1.28
CL&P	39,016	4	1.10	26,460	4	0.97
Trumpf, Inc	31,292	5	0.90	26,698	3	0.98
Delfino, William & Thomas	23,888	6	0.70	20,109	5	0.74
Columbia Prop Htd LLC	22,791	7	0.60			
The Price Rite, Inc	20,197	8	0.60	16,587	7	0.61
NSHE Columbia Hartford LLC				15,674	8	0.58
Brookdale Living Communities	18,688	9	0.50			
NIC 13 Village Gate	17,611	10	0.50			
Fusco				17,675	6	0.65
Richard Gordon, ETALS				13,056	10	0.48
	<u>\$ 420,989</u>		<u>11.70 %</u>	<u>\$ 269,657</u>		<u>9.92 %</u>

Source: Assessor's Office, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 92,479	\$ 92,206	99.7%	\$ 138	\$ 92,345	99.9%
2016	88,868	88,653	99.8% *	303	88,956	100.1%
2015	85,501	85,190	99.6%	190	85,379	99.9%
2014	83,534	83,232	99.6%	154	83,386	99.8%
2013	82,228	81,929	99.6%	237	82,166	99.9%
2012	79,292	78,958	99.6%	347	79,305	100.0%
2011	75,889	75,568	99.7%	220	75,788	99.9%
2010	72,659	72,460	99.7%	199	72,659	100.0%
2009	70,893	70,715	99.7%	185	70,900	100.0%
2008	70,882	70,662	99.8%	183	70,845	99.9%

Source: Tax Collector, Town of Farmington

*Revised

TABLE 8

**TOWN OF FARMINGTON, CONNECTICUT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Millage	Debt Service Millage	Total Town Millage
2017	24.0	1.8	25.8
2016	23.3	1.8	25.1
2015	22.6	1.8	24.4
2014	22.1	2.0	24.1
2013	19.9	2.0	21.9
2012	19.2	2.1	21.3
2011	18.3	2.2	20.5
2010	17.6	2.2	19.8
2009	17.4	2.1	19.5
2008	23.3	2.7	26.0

Source: Assessor's Office, Town of Farmington

TOWN OF FARMINGTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Estimated Actual Value of Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	School Bonds	Sewer Bonds	Capital Leases					
2008	\$ 39,907	\$ 25,870	\$ 8,704	\$ 393	\$ 74,874	1.4%	1.91%	\$ 3.17	
2009	33,000	28,235	7,499	334	69,068	1.3%	1.77%	2.92	
2010	31,447	25,121	6,274	272	63,114	1.1%	1.61%	2.67	
2011	31,693	22,690	5,047	292	59,722	1.1%	1.17%	2.37	
2012	28,668	20,160	3,778	3,847	56,453	1.0%	1.11%	2.23	
2013	26,612	17,652	1,570	3,777	49,611	0.9%	0.99%	1.95	
2014	23,600	15,523	1,442	3,685	44,250	0.9%	0.91%	1.73	
2015	22,707	15,156	1,317	3,806	42,986	0.8%	0.79%	1.68	
2016	21,450	13,181	1,194	3,602	39,427	0.8%	0.73%	1.55	
2017	22,461	13,167	1,072	3,384	40,084	0.8%	0.74%	1.57	

Source: Finance Department, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(in thousands of dollars)**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 978,678	\$ 979,641	\$ 1,003,953	\$ 1,047,566	\$ 1,095,563	\$ 1,134,188	\$ 1,151,327	\$ 1,436,950	\$ 1,434,584	\$ 1,552,645
Total net debt applicable to limit	77,914	90,838	65,633	57,520	55,748	48,766	53,266	45,015	110,930	102,135
Legal Debt Margin	\$ <u>900,764</u>	\$ <u>888,803</u>	\$ <u>938,320</u>	\$ <u>990,046</u>	\$ <u>1,039,815</u>	\$ <u>1,085,422</u>	\$ <u>1,098,061</u>	\$ <u>1,391,935</u>	\$ <u>1,323,654</u>	\$ <u>1,450,510</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.96%	9.27%	6.54%	5.49%	5.09%	4.30%	4.63%	3.13%	7.73%	6.58%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 3,542,824
Add back: exempt real property	<u>64,608</u>
Total assessed value	<u>\$ 3,607,432</u>
Debt limit	<u>\$ 1,552,645</u>
Debt applicable to limit:	
Gross indebtedness	98,671
Debt payable by other governments	<u>-</u>
Total net debt applicable to limit	<u>98,671</u>
Legal Debt Margin	<u>\$ 1,453,974</u>

Source: Assessor's Office, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income (in thousands of dollars)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2008	23,641	\$ 924,576	\$ 39,109	40.4	4,145	4.6%
2009	23,641	924,576	39,109	40.4	4,108	6.4%
2010	23,641	924,576	39,109	40.4	4,068	7.4%
2011	25,224 a	1,288,440 a	51,080	42.7	4,009	6.8%
2012	25,307 b	1,282,654 b	50,684	43.2	4,014	6.4%
2013	25,450 c	1,280,775 c	50,325	43.2	3,959	6.3%
2014	25,527 d	1,226,454 d	48,045	42.8	3,946	4.9%
2015	25,515 e	1,384,821 e	54,275	43.4	3,976	3.7%
2016	25,563 f	1,325,042 f	51,834	43.4	3,978	4.4%
2017	25,569 g	1,359,388 g	53,165	43.5	4,024	4.1%

(1) U.S. Census Bureau

- a. 2008-2010 American Community Survey - 3 year Estimates
- b. 2009-2011 American Community Survey - 3 year Estimates
- c. 2010-2012 American Community Survey - 3 year Estimates
- d. 2011-2013 American Community Survey - 3 year Estimates
- e. 2010-2014 American Community Survey - 5 year Estimates
- f. 2011 -2015 American Community Survey - 5 year Estimates
- g. 2012 -2015 American Community Survey - 5 year Estimates

(2) B.O.E. School Enrollment Report as of October 1

(3) Connecticut Dept of Labor

**TOWN OF FARMINGTON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	*Percentage of Total City Employment
UCONN Health Center/Dempsey Hospital	5,189	1	43.12%	5,300	1	53.88%
United Technologies Corp	2,700	2	22.44%			
Otis Elevator Co.	800	3	6.65%	782	2	7.95%
Connecticare	745	4	6.19%	505	5	5.13%
Town of Farmington/Board of Education (FTE)	700	5	5.82%	661	3	6.72%
Macy's	500	6	4.16%			
Trumpf Inc	460	7	3.82%	500	6	5.08%
Tunxis Community College	450	8	3.74%	384	8	3.90%
Connecticut Spring & Stamp	430	9	3.57%	325	10	3.30%
American Red Cross	380	10	3.16%	451	7	4.59%
Allied World Assurance Co.	273	11	2.27%			
Nordstroms				328	9	3.33%
Bank of America				600	4	6.10%

Source: Economic Development Department, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	31	33	33	33	33	33	32	32	33	34
Public safety:										
Police Officers	43	43	44	42	45	45	42	46	46	47
Civilians	16	15	16	15	15	15	15	14	14	15
Fire:										
Firefighters	9	9	10	10	10	9	10	10	9	10
Highways and streets:										
Engineering	7	7	7	7	7	7	6	7	7	6
Maintenance	34	33	32	33	33	32	33	32	33	33
Treatment Plant	15	14	14	14	13	14	12	14	14	11
Recreation	3	3	2	2	2	2	2	2	1	2
Public Education:										
Teachers	347	347	347	345	344	354	360	367	380	383
Administrative and other	166	172	168	171	176	187	196	240	258	257
Total	671	676	673	672	678	698	708	764	795	798

Sources: Finance Department, Town of Farmington
 Business Office, Farmington Board of Education

**TOWN OF FARMINGTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety:										
Police:										
Homicides	0	0	0	0	0	0	0	0	0	N/A
Robbery	7	8	4	12	19	10	10	2	10	N/A
Assaults	36	109	110	94	95	68	52	38	21	N/A
Burglary	77	54	41	53	49	45	58	32	11	N/A
Larceny	698	746	762	656	686	688	695	752	799	N/A
Auto Theft	20	16	17	6	16	15	10	22	22	N/A
Fire:										
Number of calls answered	3,193	3,108	3,186	3,463 (5)	3,888	3,455	3,450	3,437	4,240	4,065
Inspections	415	514	599	646 (6)	636	599	670	623	718	714
Public Works and Development:										
Building										
Permits issued	2062	1964	2,109	1,964	2,514	2,593	2,385	2,028	2,072	1,872
Highway and Grounds:										
Recyclable collected (tons)	7382.1	7432.9	7302.2	6421.0 (7)	5,927.0	5,628.8	5304.68	5996.44	7172.48	7377.32
Treatment:										
Avg daily flow (millions of gallons)	3.9	4.1	4.0	3.9	4.4	3.5	3.8	3.75	3.56	2.79
Yearly avg pollution removal	97.0%	97.6%	98.0%	98.0%	96.3%	97.0%	97.0%	95.2%	98.4%	97.0%
Community and Recreational Services:										
Recreation:										
Registrations (2)	13,573	14,500	14,912	18,970	17,343	15,487	15,593	15,508	14,303	7,520
Unregistered (Community Attendance) (2)										8,000
Public Education:										
Per pupil expenditure (3)	11,868	11,968	12,620	13,163	14,103	14,403	15,132	15,813	16,237	16,531
Connecticut mastery test (4)										
(averaged scores for grades 4, 6, 8)	83%	88%	88%	88%	90%	88%	(8)			
(averaged scores for grades 5, 8, 10) (9)								82%	83%	82%
Smarter Balanced Assessment										
(average scores for grades 4, 6, 8) (9)								75%	75%	79%

Source: All data from the Town of Farmington Annual Report unless otherwise noted
N/A: Information not available

- (1) Police Dept, Town of Farmington, Police Statistics on calendar year basis
- (2) Recreation Dept., Town of Farmington
- (3) Business Office, Farmington Board of Education
- (4) Farmington Public Schools website
- (5) Fire and Rescue Services Dept., Town of Farmington
- (6) Fire Marshall, Town of Farmington

TABLE 15

**TOWN OF FARMINGTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Vehicles:										
Marked	14	14	16	18	18	18	18	25	20	22
Unmarked	10	10	10	10	10	10	10	9	12	11
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Public Works and Development:										
Highway										
**Streets (miles)	116.31	116.77	117.34	117.34	117.85	117.85	117.85	118.14	118.14	118.44
Street Lights	1,730	1,737	1,748	1,748	1,754	1,754	1,754	1,758	1,727	1,736
Sidewalks (miles)	46.8	47.24	47.68	47.68	48.45	48.45	48.45	48.88	48.88	49.15
Treatment:										
Sanitary sewers (miles)	140.41	140.12	140.91	141.63	142.26	142.26	142.26	142.38	142.38	142.48
Community and Recreational Services:										
Parks acreage	246.2	246.2	246.2	246.2	246.2	246.2	246.2	246.2	246.2	246.2
Parks	6	6	6	6	6	6	6	6	6	6
Athletic fields	49	49	49	49	49	49	49	49	49	49
Tennis courts	12	12	12	12	12	12	12	12	12	12
Public Education:										
Schools	7	7	7	7	7	7	7	7	7	7

Source: Annual financial statements except where noted

**annual report to Department of Transportation